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EDITORIAL NOTICE:—The Editor cannot undertake to return rejected Communications. He must also decline to enter into correspondence with writers of MSS. sent in and not acknowledged. It is preferred that MSS. should be typewritten.

NOTES OF THE WEEK

It is easy to twit Mr. Churchill on the failure of his Russian policy, but the taunts are not in our judgment deserved. Mr. Churchill, like every other sensible statesman, sees that Bolshevism is the enemy of civilisation, and must be crushed, unless Europe is to be submerged in barbarism. But he was mistaken in thinking that the other Allies could or would co-operate in sending troops to Russia. Indeed he was mistaken in thinking that he could despatch troops from England, for we have always pointed out that a Russian Expedition must be composed of volunteers. Well, the volunteers were not forthcoming from this or any other country, for the world is war-weary, and men will fight no more, except in self-defence. All the pugnacious qualities of Britons are just now employed in fighting one another over questions of hours and wages. There was therefore nothing left for the Government but to try peaceful penetration by anti-Bolshevists.

The ex-Kaiser can hardly complain of "dirty practice" in publishing his correspondence with the Tsar Nicholas, seeing that he has himself sent to the Dutch newspapers a very intimate letter to Prince Fürstenberg, in which he uses the remarkable phrase: "I have no wish ever to return to Germany. The sight of collapse through one's own fault is too painful." If the Allies really wish to try the ex-Kaiser, here is a plea of guilty to hand. Two things tell heavily against the character of William. One is his running away from his army, who, for all he knew or cared, might have been killed or captured to a man. The other is his abuse of his native country, which he has ruined, and abandoned to its fate. Great men are made of sterner stuff.

Was the demand of the Allies for the surrender of the Kaiser "meant" (as lawyers say); or was it merely made to tickle the ears of the groundlings in France or England? Whether meant or not, the Netherlands Government has gravely refused to comply with the request on the obvious ground that Holland has always, like England, offered an asylum to political refugees. It seems rather a stretch of the term "political refugee," to use it as a screen for the ex-Kaiser. A political refugee has hitherto meant one who is obliged to flee his country owing to a political

revolution, to a quarrel, that is, between the fugitive and his countrymen over a question of domestic politics. Various Bourbon and Orleanist princes, for instance, Louis XVIII., Charles X, Louis Philippe, and Napoleon III., were political refugees, as is the King of Portugal to-day.

But that is not the case of William of Hohenzollern. He was not driven out of Germany by a revolution; being defeated in the war, he ran away from the stricken field: so that he is a war-fugitive rather than a political refugee. We don't know whether the Allies intend to point this out to Holland: but if they don't, or if the Dutch refuse to recognise the distinction, what is to be done? The blockade or invasion of Holland is out of the question. Of all the foolish suggestions made by a nonplussed Press, that of trying the Kaiser in his absence and passing "judgment by default," is the most fatuous. For what would such a judgment be, but a pompous hash of all the speeches of statesmen and the articles of journalists? We should advise the Allies to imitate the example of Dogberry, and, having failed to arrest their man, to "call the rest of the watch together and thank God you are rid of a knave." It is the only dignified thing to do.

The demand on Germany for the surrender of the officers responsible for outrages and the camp commandants who tortured and insulted their prisoners is a different proposition. Here are cases of direct personal responsibility for brutality, cruelty and violation of all the rules of war. If you can get hold of the culprits, it ought not to be difficult to try and convict them on first-hand evidence. But can you get hold of them? Any Government which agreed to give them up, or which took steps to catch them, would probably be driven out of office. Their surrender ought to have been demanded on the field of battle, as a term of armistice. Let the demand be made: the publication of the names of the cowardly criminals will have a good moral effect. But we fear it will not be possible to enforce compliance.

Competent opinion is rapidly veering round to Mr. Keynes's view of the indemnity clauses of the treaties with Germany and Austria. It is now generally recognised that the indemnities cannot, in anything like their present form, be exacted, and that if persisted in the only result will be the ruin and Bolshevisa-

tion of Europe. The question remains, how came the Big Three to set their hands to so insane a document? With regard to the French the question is easily answered. The French have suffered so much at the hands of the Germans that they "see red" on the subject: they are naturally not competent judges on the ability of their enemy to pay. You might as well ask the successful plaintiff in a long and exasperating lawsuit to fix the damages—naturally he would like to ruin the defendant.

There is another foible of the French in financial matters, which Mr. Vanderlip humorously glances at in his book 'What Happened in Europe,' that ought to be read by everybody. "Indeed I think the French mind grows bewildered when the unit of a billion is reached," says the American banker. "They call it a milliard, and after you have annexed nine ciphers to a figure, the French mind no longer follows." Everyone must have noticed that tendency of the Frenchman to stop at a certain point thinking of the business in hand. He will go a certain way with you, but there comes a stage in the discussion when he will shrug, light a fresh cigarette, and muttering "bag of paper" or "name of a dog," will think of something else. The figures flung at the Big Three by the experts were so enormous that we can quite understand M. Clemenceau abandoning the attempt to follow them, and merely watching final propositions.

But what are we to say of Mr. Lloyd George's handiwork in fashioning these treaties? We are afraid that nothing will damage his reputation so severely as his participation in treaties that will in a very short time have to be cancelled or modified out of recognition. It is to be said in his defence, that he was badly advised by his financial experts. It is now generally known that Lord Cunliffe was responsible for the grotesque calculations of Germany's wealth that so delighted the electors in December, 1918, and filled the columns of the press with 'Little Visitors' arithmetic. Lord Cunliffe was, of course, a stupid man, who inherited a position in the City for which he was quite unfitted. A Goschen or a Holden would never have made such blunders.

But can anything damage Mr. Lloyd George's reputation? We doubt it. The astonishing thing about the Prime Minister is that he enjoys the affection and confidence of a large proportion of his countrymen, though everybody knows that he is not a man of business, and nobody really places much reliance on his word. His popularity resembles that of a comedian, or a ballet dancer, or a champion boxer, rather than that of a serious statesman. We fancy something of this kind of popularity must have been enjoyed in the days of imperial Rome by a great gladiator, which is what Mr. Lloyd George really is. Of course there may come a time when the economic condition of society has grown so serious that the public will tire of this extraordinary man's irresponsible and irrepressible versatility. But there are no signs of it yet.

The modification, the inevitable modification, of the indemnity clauses of the Carthaginian Peace will be rendered easier by the disappearance from the Supreme Council of its original authors. With the exception of Mr. Lloyd George—and even he we hope is about to hand over his work as peace-maker to our Ambassador or Foreign Secretary—the Big Four are gone. M. Millerand takes the place of M. Clemenceau, and Signor Nitti takes the place of Signor Orlando. Mr. Wilson, like Gray's Lord Holland, strives "to mend a broken character and constitution" in the recesses of the White House, Washington. It ought not to be difficult for M. Millerand and Signor Nitti to adjust the conflict with the Jugo-Slavs, and to amend the instructions to the Reparations Commission, unless the members of that body do it for themselves.

We do not suppose that either the Prime Minister or Sir George Younger has much control over the local politicians of Paisley. Otherwise we should say that

it would have been a graceful and generous act to present Mr. Asquith with the Paisley seat, so far as the Coalitionists are concerned. But of all the "bodies" of Western Scotland, probably Paisley bodies are the most stiff-necked. If two Labour Candidates go to the poll, Mr. Asquith will win. The appointment of Mr. Weigall to the governorship of South Australia at this juncture seems folly. Personally, of course, Mr. Weigall (who married Sir Blundell Maple's daughter) is an admirable selection. But his seat is worse than doubtful, and defeat in two constituencies might seriously injure the strength of a Government, which must be weakened by the resignation of Mr. Barnes.

It is impossible not to admire Mr. Asquith's courage and energy in embarking, in his sixty-seventh year, upon what he truly describes as a "dark and difficult adventure." Dark it certainly is, because there are now four Richmonds in the field of Paisley, two Labour Candidates, a Liberal, and a Unionist, if we must still employ that meaningless name for the Coalitionist. There are two measures which will strain the cohesion of the Coalition severely as soon as Parliament meets, the Home Rule Bill, and the Anti-Dumping Bill. Will the Unionist or Tory wing agree to pass a Home Rule Bill (which nobody in Ireland seems to want), while murder and treason range triumphant through the island? Will the Radical Coalitionists agree to a measure which is in direct opposition to the principles of Free Trade? Mr. Asquith may be trusted to make the most of these two points. With regard to Russia, we don't think Mr. Asquith will gain much in a Scotch constituency by trumpeting toleration of Bolshevism.

Is it generally known that for months past the Government have been spending large sums on the clerical establishment of the League of Nations? The staff has installed itself in Sunderland House, the rent of which, it may be presumed, is no bagatelle; Sir Eric Drummond has already begun to draw his preposterous salary of £10,000 a year, and the staff are drawing salaries, not indeed bearing any proportion to that of the chief, but in the aggregate considerable. Who sanctioned the appointment of Sir Eric Drummond? By what parliamentary authority is this expenditure being made? The future of the League of Nations, its functions and habitation, are quite uncertain. The only thing certain is the expenditure on salaries and offices, which the Government, with more than customary recklessness and contempt of Parliament, has embarked on in advance.

Is the cost of this League of Nations establishment to come under the Foreign Office vote? Will no Member of Parliament raise the question of Sir Eric Drummond's appointment at £10,000 a year, and the creation of a large clerical staff? Against Sir Eric Drummond personally no objection can be urged; he speaks French well, and he is an industrious and respectable servant of the Foreign Office. But he is a member of the Church of Rome, whose political influence in Europe, in America, and in Australasia, is always used against republican France and democratic England. From a religious point of view we have nothing but respect for the Church of Rome, as the oldest of Christian establishments; but politically we regard it as dangerous, and for that reason we ask that the opinion of Parliament should be taken on the appointment of one of its members to be the head of the League of Nations.

A correspondent in the *Times*, signing himself "Politicus," points out that our Minister-journalists, Lord Birkenhead and Mr. Churchill, are only following the example set by Bolingbroke, who, when Secretary of State in Queen Anne's last Ministry, did not disdain the use of the weekly press. This is one of those half-truths which are so misleading. Bolingbroke did indeed use the weekly press, but never in his own name. He used Swift, who wrote and edited 'The Examiner'; he inspired the cleverest and most unscrupulous pen of the day, just as he pumped his hazy Deism into Pope's 'Essay on Man.' But St. John would no more have

signed an article in the press than he would have appeared at a levee in bob-wig and boots. The writing of signed articles in the Sunday papers by the Lord Chancellor and the Secretary of State for War is a new departure, and not, in our opinion, a desirable one.

Sir Nevil Macready is no doubt right in saying that the proportion of violent crime *per capita* is less to-day than it was after Waterloo. The close of the twenty years' war with Napoleon threw thousands of professional soldiers and sailors out of employment on to the streets, or rather on to "the road," for many of them became highwaymen. But in those days handsome "grats," substantial pensions, and unemployment doles were unknown. To-day, of a citizen army numbering some three millions every demobbed soldier and sailor has been found work or given money to live on. But when the Chief Commissioner goes on to say that the number of crimes with violence is no greater than in 1914 we cannot believe him. It may be that taking the country as a whole, it is no greater, for the provincial towns and rural districts are probably freer from crime than they were a century ago. But it is absurd to pretend that there is not an outburst of burglaries and violent robberies in London. "It is an accident of hourly proof." No post-office is safe.

As we have been predicting for years, the great metropolitan hospitals are fast drifting on to the rates. The offer of assistance from the Red Cross is well meant, but futile. The reason why the hospitals are doomed, so far as they depend on voluntary support, is that wealth has been taken from a class bound by tradition and public opinion to be charitable and saving, and given to a new class which scoffs at saving, and thinks that charity is a remnant of feudalism. There was something of Puritan austerity about the saving and charitable habits of the old possessors of wealth; and if a man known to be rich did not give largely to public charities he was abused and knew that he was abused. All that is changed. The new rich have but one idea, to spend on material enjoyment with both hands, and they cunningly shelter themselves behind the Socialistic doctrine that charity is a word to be deleted from the language. The State or the municipality is to take the place of the private benefactor.

Lords Haig and Beatty and Sir Hugh Trenchard are bestirring themselves to enlist support for the Officers' Association, and we hope they may succeed in arousing the interest of those who were once called by Gladstone "the classes" as opposed to "the masses." In former wars the professional soldiers, both officers and privates, were provided for according to the simpler ideas of those times. But according to the principles of democracy, hundreds of millions are to be given to those who have served as privates for four years, while the officers are neglected. Their case is indeed hard, for many of them have been torn from comfortable posts in civil life, and are now, like Gilbert's burglar, "restored to their friends and their relations," with nervous systems deranged, or limbs mutilated or lost. Our advice to these officers is to form themselves into a trade union, to select a deputation of the most ill-tempered and abusive of their number, and then to wait on Sir Robert Horne at the Ministry of Labour. The effect we assure them will be advantageous.

Between Sir Martin Conway, who advocates the building of apartment houses 40 stories high, and Mr. Delissa Joseph who recommends 16 stories, Londoners are in a fair way of being robbed of the modicum of sunshine allowed them by a niggardly climate. It is all very well in New York, where the atmosphere is bright and clear, to erect "sky-scrapers"; but they would convert London into a damp and dark dungeon. We are surprised to find these experts writing about "centralisation" as a means of solving the difficulties of suburban transport. A few years ago we were told that "the one thing needful" was to get the clerk

and the artisan out of London into the purer air of the suburbs. With this object millions of the ratepayers' money has been sunk in constructing tramways, which run fifteen miles out in every direction. Now it seems that the clerks and artisans are to be brought back to live piled on the top of one another in sky-scrapers fringing the parks.

Presumably Piccadilly, Park Lane, the Bayswater Road, and Hammersmith Road, are to be commandeered, the existing houses to be pulled down, and workmen's blocks, with beautiful views on the parks, are to be built, of course at the public expense. No doubt it is in connection with this policy that the London County Council are promoting this Session in Parliament a Bill to make, at a cost of some £4,000,000, tramways along Victoria Street and Grosvenor Place, across Hyde Park, along the Edgware Road, along the Marylebone Road, and along the Uxbridge or Bayswater Road to Shepherd's Bush. Such a Bill, if carried, would ruin the houses in Grosvenor Place and Bayswater Road; and in view of the decided and just preference of the public for motor-buses over trams, we hope that a vigorous opposition will defeat the Bill in Committee, if not in the House.

Not the least alarming feature of the national demoralisation is probably unknown to the public. It is the growing disinclination of common juries at sessions to convict for thefts of food and clothing from shops. "Poor man!" says the common jurymen, "how can he live with these prices?" This is one of the worst symptoms of moral disease that can attack a community, and has been the prevalent temper in Ireland from time immemorial. It is the result, and nothing else, of the present high prices of necessities, which is the greatest curse that can befall society. Another deplorable sign is the signature by men like Messrs. Bowerman and Clynes of a memorial in favour of shaking hands with Lenin and Trotzky. Quite in keeping with this spirit of lawlessness is the demand of certain East End mayors for the reinstatement of the constables dismissed for mutiny. These constables have some of them been elected borough councillors and one of them is an alderman.

The Association of Russian manufacturers and merchants in London have discussed the Government's proposal to trade with the Russian Co-operative Societies, and we admit that they offer some very damaging criticism. They observe truly that it is impossible to trade with a country where the rights of property are not recognised. What British trader would risk his goods in such a country? We are told that the Co-operative Societies are numerous and powerful. But the merchants and manufacturers do not believe that the Co-operative organisations will be able to fulfil the extremely heavy task imposed on them. Further, they point out that the wheat is grown in small quantities scattered over an immense area, and that without an efficient system of transport it is impossible to collect and bring the grain to the ports. But transport in Russia has practically disappeared; it has been destroyed, and there are neither trucks, nor engines, nor rails. The ejection of the Loyalists and the Japanese from Siberia, and the proposal to surrender Koltchak made by the Czechs, are very ugly facts. There seem to be the secular three courses: to leave Russia to stew in her own juice; to send European troops; or to trade with the Bolsheviks.

The interest aroused by the Paisley election is intense, because it is perceived that its result will decide the future of political parties at all events for the next five years. If Mr. Asquith wins, the old Liberal Party will get a new lease of life. If he loses, the Liberals will be forced to reconsider their position, and to make up their minds whether they are going to join the Labour Party or the Tories. From a House of Commons' point of view, there is probably no one who does not wish Mr. Asquith back on the Front Bench. From a national point of view many hope for his defeat, because then the Liberals, or many of them, will be obliged to throw in their lot with the party of order, of property, and of education.

AN INTERNATIONAL LOAN.

"A NORMAL man needs three meals a day. That need is immediate and he cannot wait for an adjustment which will come 'in the long run.' It is in the insistence of the human stomach that the possible tragedy to European civilization lies. The human stomach cannot wait. People must be fed or they die, and the truth is they are dying, dying in some parts of Europe en masse." Such is the answer of Mr. Vanderlip, the famous American banker, to the easy optimism of those, including Mr. Austen Chamberlain, who assert that everything will come right, the factories restored, the exports resumed, "in the long run." And the answer is made after a visit to all the principal countries in Europe* by one who is no sentimentalist, or academician, nor has any national bias towards any European country, but is a great American financier. Mr. Vanderlip is emphatic on the point that Europe can't wait for "the long run" of the optimists. And although it is generally true that it is unwise to act in a hurry or in a panic, the events of the hour are too strong for the proverb.

Mr. Vanderlip thinks that an international loan to Europe must be made at once, and he is quite clear that, while the borrowers must necessarily be Governments, the lenders should be private individuals, to whom the loan must be a safe investment at a reasonable rate of interest. He lays down the following propositions which we summarise. 1. The European situation must be treated as a whole. 2. The amount is so large and time is so important that it would be impossible or dangerous to attempt in the lending countries to give the Governments (by means of legislation) the powers necessary to participate in the loans. Therefore it must be done by banks. 3. There must be one formula for obtaining credit for all the borrowing countries. 4. The lenders should, after studying the demands and necessities of the different countries, apportion the loan amongst them. 5. With a shrewd knowledge of politicians, derived no doubt from his own country and the European nations which he visited, Mr. Vanderlip does not propose to hand over any cash to the Governments, but goods, clothing, fuel, machinery, etc., and "none of the proceeds of such a loan should go into the treasuries of the borrowing nations to be used for governmental financial needs." This discovers a very sound distrust of democratic governors.

Mr. Vanderlip proposes that the following countries should be participants in the loan: the United States, the Netherlands, the Scandinavian countries, Switzerland, Japan, the South American States that export to Europe, and Great Britain, "although the latter to perhaps a limited amount, if British interests so desired." By the way, Mr. Vanderlip describes the financial position of all the belligerents, except Britain, as "critical," and Britain's as "difficult." The Governments of the lending nations should appoint a consortium of bankers, to take charge in the respective countries of the flotation of an international loan of a certain amount. These bankers, in conjunction with their Governments, should appoint members of an International Loan Commission, which should determine the allocation of definite amounts of machinery, raw material, rolling stock, clothing, food, etc., furnished by the lending countries, to each of the borrowing countries. And the security? Each borrowing nation should pledge a first lien upon its customs revenue to meet the interest and amortisation service of that portion of the international loan allocated to it. The borrowing nations are to issue to the International Loan Commission bonds, or obligations as Mr. Vanderlip calls them, running for, say, fifteen years, at so much per cent. interest plus one-fifteenth for amortisation each year, and repayable in the currencies of the various lending countries in the proportion in which the bonds are held by the nationals of such country. These bonds, or obligations, are, however, only to be used as collateral security. The bonds which the International

Loan Commission will issue for sale to investors will be its own bonds or obligations, secured by the obligations of the various borrowing countries. It is not, however, clear to us what security the bonds of the International Loan Commission can have greater than the collateral securities put up by the borrowing nations, seeing that the credit of the Governments of the lending nations is not pledged. It is true that the International Loans Commission is to have control of the total income received, and in case of default by one or more nations in the payment of interest it may apply the amortisation money received from more solvent borrowers until such time as the money can be replaced by the defaulting nation. Still, from the investors' point of view this is a weak spot in Mr. Vanderlip's scheme, which we think he feels. In the first three or four years of the loans several nations might default; and the deficiency might be so large as never to be made up.

There is, however, a greater obstacle to execution than the probable defaults. Mr. Vanderlip's International Loans Commission would at the outset find itself up against the Reparations Commission, that body appointed by the Supreme Council of the Peace Conference to carry out the indemnity clauses of the treaties of Peace with Germany and Austria. How can Germany and Austria give prior lien charges on their customs revenues to Mr. Vanderlip's Commission when they are already sentenced by the Versailles Treaty to pay enormous indemnities to Belgium, France and Britain? We do not think Mr. Vanderlip can have read the main points of those treaties. We regard the indemnities as dictated by the senile vindictiveness of M. Clemenceau, and Mr. Lloyd George's electioneering pledges, and accepted by President Wilson, through sheer helplessness. Those indemnities are, we fear, an insuperable obstacle to Mr. Vanderlip's plan. The sooner this is recognised, the sooner the indemnities will be modified within the limits of reason.

OUR NEW OFFICERS.

"CAPTAIN JINKS" is dead, as dead as Queen Anne!

"Captain Jinks," it may be remembered, was "of the Horse Marines."

"He fed his horse on corn and beans,
And always lived beyond his means,
Like a captain in the army!"

Not that the army-captain of the future will desist for all time from running into debt, but the vehicle for his extravagance will no longer be his charger. When next the youth of England are on fire, they may sell the pasture to buy a box-respirator, a flame-projector, or even a Lewis gun—and assuredly the armourers will thrive—but they certainly will not buy horses.

In our new army it will be difficult to justify the retention of mounted troops on the establishment, because the recent war demonstrated that all the functions of cavalry can be more efficiently performed by the aeroplane or the light armoured car. It is, I believe, generally conceded that, in France, horse-soldiers became quite useless, but it is claimed that they did splendid service on the Tigris and in Palestine; nevertheless, we have the testimony of an official eye-witness with the Mesopotamia Field Force that two armoured cars did more execution than a brigade of cavalry similarly equipped.

The Iron Duke once observed that to be a successful tactician it is necessary to be able to guess with some degree of accuracy what the other fellow is doing on the other side of the hill, and to do so, a general used his cavalry as the eyes of his army; but to-day there is no more guessing to be done, the airman can signal the progress of events as they develop, or even supply a photograph of all that is happening beyond the most impenetrable of screens.

Besides, cavalry is tied down by the need of water and forage, both of which are bulky and unwieldy articles to transport, consequently a fighting unit which has to return to camp each night to water and feed

* "What Happened to Europe," by Frank A. Vanderlip. Macmillan Company. \$1.25 net.

its horses has a very limited radius of action, certainly not more than twelve miles; but twelve miles is within the range of a modern six-inch gun; so that a battery of such weapons might achieve a greater tactical success in a few minutes, within a zone of similar dimensions, than a brigade of cavalry raiding for two or three days.

Nor is it the troop-horse alone which is passing, but the artillery draught-horse as well. The French army, during the last few months of the war, were replacing their horse-drawn by motor-borne field artillery: they found it economical and far more mobile. It took the British field batteries, moving forward into new positions south-east of Arras in March, 1917, over twenty hours to advance twelve miles across the battle-scarred zone which separated their gun-pits from the Hindenburg Line on which the enemy had retired, and the transport of forage became so difficult that the unfortunate horses died like flies; thus more than half the artillery became temporarily immobilised. Now, many of the batteries of the *artillerie portée*, as the motor-borne field guns of the French were called, when summoned to meet an emergency, found no difficulty in covering seventy miles between sunset and dawn during the dark hours of a spring or autumn night. The great German advance in June, 1918, was held up at Château-Thierry and the important victory of the French east of Rheims, in July of the same year, was only made possible by the secret and rapid assembly of masses of guns: concentrations which would have been impossible with horse-drawn artillery.

Others, again, regarding the question in another aspect, have argued that the horse and the responsibility for his care in stables and on the march cultivate desirable virtues in the soldier; that the man who has to consider his mount before himself acquires something of the spirit of self-sacrifice, of patience, courage, manliness, all those qualities which are the elements of discipline. It is contended, too, that the existence of a mounted branch in the service will inspire the whole army with the zeal to emulate the bearing, demeanour and loyalty to traditions of valour and victory of that *corps d'élite*, and much may be said for this contention, although the records of our Infantry support their claim that it is their proud privilege to be second to none in the British army.

Howbeit, the crux of the question to be solved is this: in what manner can the necessity for discipline in an army be reconciled with the temper of the rising generation in the British Empire?

Those survivors who witnessed, in 1914, the storming of Polygon Wood by the Prussian Guards, or the counter attack delivered from the Bois de Hugo, in 1915, are still thrilled and amazed when they recall the dauntless bearing of those men, who, with Luther's hymn upon their lips, continued to march forward, trampling underfoot their own dead comrades, and marvel when they ponder that it was discipline, and discipline alone, which impelled those human machines onward. We know what the means were which steel-tempered humanity to such ends; we are aware that, for many generations, the education of the youth of Prussia inspired them to approve of and cheerfully submit to the drill-sergeant's exactions, and that they were convinced that the precious heritage they enjoyed had been won for them by the sword, that sword which, according to their sacred traditions, could only be wielded by those in whom the principle of unquestioning obedience had been engrained.

But we, who are able to contemplate this system in a truer perspective, can appraise it more justly, measure its limitations, and to-day we are face to face with its failure; above all, we are convinced that, for us and people of our temperament, such a training in the future is an impossibility.

With their vices and their virtues, their ambitions and their ideals, their vanity and their stern sense of duty, their categorical imperative, the Prussian Junkers stand aloof from and hostile to the youth of Greater Britain, taught, from their earliest years, to despise unquestioning obedience and to regard submission to iron discipline as a degradation of the soul. The genius of the British teachers and the industry of

their pupils, enthusiastic in their cult of Democracy, whose apotheosis all are celebrating, are being consecrated to the emancipation of mankind from every sort of constraint; how, then, can we hope to build up a military system based even upon such mild discipline as was approved, in his day, by Lord Roberts? A people which despises control is ill-fitted for the stern needs of war, and an army which bows reluctantly beneath the flaccid authority which is all that our Government ventures to delegate to its military leaders, is doomed to failure and to a more overwhelming failure than that which befell the Junker system.

A way must be found out of the impasse. Either some staggering shock will bring home to Democracy the absurdity of its more extravagant teachings: Liberty is a fascinating goddess to worship, but grim dangers lurk in the folds of her garments: or some instrument of defence must be contrived to replace the disciplined army.

Already the pomp and glory of war have departed, but imagine what a change there will be in the social life of England when all the picturesqueness of military customs and fashions has passed away. No more, to the admiration of the nursemaid, the envy of the bespectacled clerk, will the cavalry Adonis jingle his spurs or slap his boot with his swagger riding cane: a *cavalier sans panache* is like Cupid disarmed, stripped of his bow and arrow; a Mercury with the wings plucked from his heels!

Already, in our new army, young officers have petitioned their colonels to abolish the sacred and time-honoured institution of Mess and to permit them to satisfy the cravings of the inner man with high tea, so that they may go to the pictures.

The pictures! like any Mary Anne on her evening out!

Who, in his wildest dreams, ever imagined that he might sit down to high tea with a dashing dragoon? But, alas! the dashing dragoon is about to make his exit; already the double-jacketed hussar is gone, hustled off the stage, just as, each in his turn, the Stuart cavalier and the cross-bowman disappeared into the wings.

And soon the Lifeguardsman, with his horse-hair crest and cuirass, may shift into the category of heraldic beasts, such as the unicorn or the griffin, to be known, in the future, only in sculptor's marble or regardant on a field azure.

THE NEEDS OF THE UNIVERSITIES.

IT would need a Mark Tapley to find any ground for satisfaction in the present condition of our national finances. And yet there is at least one respect in which the embarrassments of the Treasury may be of positive service to the community. The Universities are desperately in need of money, in order that they may fulfil the vastly enlarged functions which must henceforth fall upon them. Their needs are so great, and it is so vital to the public welfare that they should be met, that if the public finances were less distressed, there would be an irresistible demand for large public subvention. But if grants from the public funds were to form a very large proportion of the revenues of the universities, bureaucratic control would be very apt to follow; and that complete freedom of thought and teaching which is essential to the intellectual vigour of every university might be gradually, if insensibly, impaired. We have learnt from Germany how poisonous may be the influence of State control upon the life and work of universities, and through them upon the thinking of a whole nation. If England is to remain free in spirit, it is vitally important that her universities should be free; that they should be protected against the remotest risk of having imposed upon them by a government department the things they should teach, the methods by which they should teach them, the spirit and outlook which they should impress upon their pupils. And for that reason it is a good thing that the universities should be forced by the distresses of the Treasury to appeal, as many of them are now doing, for private aid on a very large scale.

It is a noble opportunity that is thus being opened

to rich men, and especially to those who have been enriched by the war. Not only can they help to equip their country so that it may be intellectually fit to cope with the demands of a new age: they can help to make liberty of thought more secure in the places which should be its chief sanctuaries. If those who have the means fail to answer the challenge, one—or possibly both—of two things will happen: we may find ourselves, as a nation, hopelessly behindhand in the intellectual equipment which is our chief need in the trying times that are coming; or we may find that the universities have been reduced to be creatures of the State, as they have long been in Germany.

The two ancient Universities, though they both need very large additions to their endowments, have inherited from the past such rich foundations and such strong traditions that they are probably pretty safe from the greatest dangers: doubtless a good deal can be done by improving the administration of the endowments they possess, though even so they are, in material resources, now far behind the greatest of the American Universities. But the days are long since past when Oxford and Cambridge, even with the addition of London and Durham, could meet all our needs. The modern universities in the great provincial centres, which have grown up gradually during the last half-century, though they only obtained the status of independent universities during the last twenty years, have become an equally indispensable part of our provision for the highest training. It is not too much to say that but for the work they had done, and the men they had trained, we could not have won the war; and it is equally certain that unless their work is very greatly expanded and strengthened we shall have little chance of making the best of the peace. They were, in every case, created by private beneficence; and it is only by private beneficence that they can now be enabled to play their vitally important part in the new era.

The University of Manchester (which is by much the oldest and most solidly founded of all these universities, and has indeed taken the lead in the movement at every stage), has issued an appeal for £500,000 to enable it to face its new responsibilities. To some readers this may seem a large figure. But it is a paltry sum in comparison with what even the minor American universities are asking and obtaining, and it will appear still more paltry when it is remembered that the university which asks for this sum has to serve the highest intellectual needs of the most densely populated industrial area in the world. In truth, the appeal ought to have been for at least double the amount. It may be worth while, taking Manchester as a type, to consider what are its existing resources, and what are the claims it has to meet; *mutatis mutandis* what is true of Manchester will also be true of the rest.

Founded nearly seventy years ago, by the generosity of John Owens, a merchant, who was the first to conceive the fine imaginative idea of planting a great centre of learning in the midst of a manufacturing city, the University of Manchester has during that period accumulated a capital of over £1,500,000, drawn wholly from private benefactions. This is, of course, a considerable sum. But it has mainly been given by a very small number of persons. And if it be considered as the total capital devoted by a very rich community to the cultivation of learning, and compared with the huge capital devoted by the same community to meaner ends, it does not seem very large. Nearly half of it has necessarily been sunk in land, buildings and equipment. Much of the remainder is held under trust for scholarships and other such purposes, and cannot be used for the upkeep of teachers, the supply of libraries and laboratories, and the other immense and varied needs of a great university. For these purposes the endowments contributed during seventy years yield only some £20,000 per annum.

To enable the work of the university to be carried on with any efficiency, these resources, in themselves wholly inadequate, have to be supplemented from other sources. Students' fees yielded, in the last complete year, £28,000. That is an increasing quantity. But

every new student costs far more than he pays in fees, so that the increase is illusory. Moreover, the fees are too high: the fees for actual tuition average more than those paid at Oxford, though the students are in general poorer men; but it is impossible to lower them unless other funds are made available. The State contributes £29,000. The municipalities of Manchester and Salford, and all the innumerable towns of East Lancashire and Cheshire whose sons throng the University, contribute among them only a miserable £6,000. It is true that the City of Manchester also maintains, out of the rates, a very fine College of Technology, one of the most highly-equipped in the country, and this college, on the higher side of its work, is closely linked with the University, of which it forms the Faculty of Technology. But the other municipalities make no corresponding provision for higher education.

The total freely disposable income of the University, from all these sources, is substantially under £100,000 per annum, a sum which is manifestly wholly inadequate for university work of the range and scale which is required by modern needs, especially for an area so vitally important to the life of the nation as East Lancashire and Cheshire. Out of this sum must be found the salaries of the teaching body, more than 200 in number, the cost of administration, the upkeep of huge laboratories and of an adequate library, the provision for research, and the multifarious other expenses of university work. It is obvious that these resources must be wholly insufficient even as things were before the war; still more now that the value of money has for all purposes declined by more than fifty per cent., while funds invested in gilt-edged securities yield no increased return.

We have taken Manchester as a type, though it is an exceptionally good type, of the modern universities. Everywhere their resources are wholly inadequate for the work they have to do; everywhere they are being called upon to perform new and larger functions, while their means are depreciated by the fall in money values. Upon them it depends whether the new educational system is going to be a dead system of machinery or a real means to enlightenment and sanity; for they have to train the teachers for the schools. Upon them it depends whether the campaign for improved national health is to be a success or not; for they have to train the doctors, and to conduct medical research. Upon them it depends whether our industries are to be vitalised by science or not; for the organisers of industry will be helpless without the men whom the universities alone can train.

Whether these universities shall be enabled to perform their all-important work in a worthy and adequate way, and with that freedom from external dictation which the British tradition demands, seems to-day to depend upon whether rich men can be brought to see the importance of the service that can be rendered to the life of the nation. At a time when the Chancellor of the Exchequer with his two-handed engine is standing at the rich man's door, and the choice lies between voluntary and involuntary sacrifice for the rebuilding of the nation's strength, this opportunity to establish freedom in the sphere where freedom is most precious, and to help in the enlargement of sanity and knowledge, ought to have an appeal to all men of intelligence.

COUNT RUMFORD.

"An Abbey! Yes, it was delightful to be really in an abbey! but she doubted, as she looked round the room, whether anything within her observation would have given her the consciousness. The furniture was in all the profusion and elegance of modern taste. The fireplace, where she had expected the ample width and ponderous carving of former times, was contracted to a Rumford, with slabs of plain, though handsome, marble, and ornaments over it of the prettiest English china."

A HUNDRED years ago a Rumford was a thing as familiar to our ancestors as a brougham, or a mackintosh is to us to-day. Now, probably, not one

reader of Miss Austen in ten thousand ever troubles to find out what Catherine Morland saw at Northanger Abbey. What a Rumford was we shall explain.

Benjamin Thompson was born at Woburn, Massachusetts, on March 26th, 1753. His father, a yeoman farmer, dying early, his mother married again, and the boy was sent to three village schools in succession, where he showed an aptitude for mathematics and mechanics. At thirteen he was apprenticed to a store-keeper at Salem, and spent the scanty leisure of the next three years partly in attempting to solve the problem of perpetual motion and partly in practising engraving, or in experiments, with fireworks and the use of gunpowder, in one of which he nearly lost his life. The outbreak of the American war led to his leaving Salem for another store at Boston, but his new employer lost his assistant at the age of nineteen, when he married (or, as he said, "was married by") the widow of the Squire of Rumford, afterwards renamed Concord, his senior by fourteen years, a lady possessed of considerable means who had fallen in love with the handsome face and stalwart figure of the young apprentice. Their only child, a daughter, was born in the following year, by which time he had become Major of a local regiment of militia, though his interests continued to be scientific experiments in gunpowder and high farming. In 1775 he was imprisoned for disloyalty to the American Cause, and on his release, unacquitted but unconvicted, was sent by his friend Governor Wentworth with dispatches from General Gage to Lord George Germaine, who took him into favour, gave him a couple of posts, and even carried out his proposed reform of attaching bayonets to the Guards' carbines for fighting on foot. His interest in science brought about an acquaintance with Sir Joseph Banks, and discoveries relating to the velocity of projectiles and the cohesion of bodies, led to his election as F. R. S. early in 1779, during which year he sailed as a volunteer on the "Victory" under the command of Hardy, in order to evolve an improved system of signalling at sea. Next year he became Under-Secretary for the Colonies, and, the year after, went off to America as Lieutenant-Colonel of a regiment of American Dragoons. But the war was nearly over, and his service was of short duration; he returned to England on half-pay in 1783, and started for the Continent, travelling from Dover to Boulogne with Gibbon. A meeting with Duke Maximilian, nephew of the Elector of Bavaria, at Strasburg, altered his whole future; the Duke introduced him to the Elector, who begged him to enter his service, and George III not only gave him the permission necessary for an English officer, but knighted him, and Sir Benjamin Thompson reached Bavaria early in 1784, not returning to England till 1795, when he brought back the title, chosen from his wife's New England property, of Count Rumford. If ever a man effected a peaceful revolution in any country, that man was Rumford, in Bavaria. He was Minister of War, Minister of Police, Grand Chamberlain, President of the Munich Academy (which a German writer of 1909 accuses him of having Frenchified), and a dozen other things. This Lord High Everything Else not merely did the work of all these positions, but did it very well. He reorganised the Army, improving its artillery, its pay and its conditions; he thought out industrial reforms and put them into practice; he studied food values and fuel economies, and was interested in improving the breed of merino sheep; he obtained from the Elector a large tract of waste ground and converted it into the charming English Garden, now one of the sights of Munich, in which a monument bearing a medallion portrait and an affectionate inscription was put up by its grateful citizens. He invented national kitchens; above all, he abolished the plague of beggars from which all Bavaria was suffering. He began by taking over a large building and fitting it as a Work House for men and women, equipping it with raw materials, machinery, and masters of various trades, and providing an immense dining hall, where good food could be obtained in return for work done. On a given

day he divided the city into districts, and military patrols, each headed by a Magistrate or Commissioner, arrested every beggar, and took particulars of his case. If he were a shirker (and nine out of ten were), he was warned that a second arrest would mean imprisonment; if he were in want his family was relieved and work given him. All overlapping charities were abolished in favour of a single central committee, and the economic management of the Work House was ingenuity itself. The men were trained on low-paid work in rough materials which could not compete with the output of the ordinary manufacturer, and when sufficient progress had been made, they went on to the skilled trades of the same kind, in which they could obtain permanent employment; thus there was no trade hostility to the scheme, and, in a year or two, not Munich only, but Bavaria, was almost cleared of beggars. What the previous condition of things was a few facts from Rumford's Essays will show. The total number of inhabitants of Munich and all the suburbs was only about 65,000; in one day no fewer than 200 beggars were arrested. He gives a heart-rending account of the suffering of the beggars' children, of little ones found almost naked in the streets at midnight, crying with cold, but afraid to go home because they had been ordered to bring back twelve groschen and only had five, of children having limbs broken or eyes put out, to make them more profitable, of infants even sold and maimed for this dreadful traffic. The bitter German winters set him devising means of saving fuel, and it was these which, on his return in 1795, really brought his name before the English public. He visited Dublin, and improved the hospitals and workhouses; he visited London and improved the Foundling Hospital; and he published without fee or reward his device for improving fireplaces and increasing heat while economising fuel, an act which brought him the thanks of manufacturers. Nor was the F.R.S. in him idle; he it was who first discovered that heat was motion; he it was who first determined the caloric power of fuel; and as a contemporary biography published in New York states, "it was through him that every gentleman's house in the kingdom was better as well as more economically warmed than ever before." We all know that General Tilney spared no expense to make Northanger Abbey perfect, and adopted "every modern invention to facilitate the labour of the cooks"; so, his house contained a Rumford. He would have approved of Rumford's dictum that a warm room is more comfortable than a cold, and have laughed with the Count at the Englishman's preference for freezing indoors. But Rumford was destined not to stay peacefully in England, founding medals of the Royal Society, and improving the health and comfort of the world. He could write as well as fight, invent and organise, and his Essays should be better known. But, writing, like everything else, was put a stop to in 1796, when Munich was threatened with invasion from France. Rumford was recalled; the Elector fled; and only the Count's prompt measures averted occupation by the enemy. The Elector's gratitude took the form of offering him the Bavarian Embassy in London, but the scheme fell through. Nor could John Adams, President of the United States, induce him to return to America either as Inspector of Artillery or Superintendent of the Military Academy. He returned to London as a private person; founded the Royal Institution of Great Britain, in Albemarle Street, himself designing the lecture-room; married again, this time the widow of the famous chemist Lavoisier, took a house at Brompton, at the top of which he placed a laboratory, fitting it with the latest stoves and double windows; promoted the recognition of Sir Humphry Davy, and finally went to Auteuil, where he died in August, 1814, leaving money to Harvard and the Royal Institution. Cuvier read his *Eloge* before the *Institut*, England and Germany lamented his loss; but the rescued children of Munich are a yet nobler title to a fame now unjustly forgotten. *Sed animæ iustorum in manu Dei.*

POMPEY AND MR. PIM.

IN 'Mr. Pim Passes By,' at the New Theatre, Mr. Alan Milne again draws upon that reservoir of pleasantries which for many years irrigated the smiling columns of *Punch* and which has lately begun to freshen the wilderness of English comedy. 'Mr. Pim' is 'Belinda' with a difference. It is mostly in the same bright key (if it were music it would be written in G flat major). It shows the same fantastically light spirits. It is the work of an author who chaffs his friends because he likes them and his enemies because he bears no malice. Of the younger authors he is the only one so far who has shown a distinct individuality or struck a personal note of his own. No one has handled the finer issues of comedy quite so delicately since Hubert Henry Davies, or written his text half so well since Hankin (Mr. Bernard Shaw always excepted).

'Mr. Pim' raises the question whether Mr. Milne may not hereafter give to his work a more serious turn. He keeps at present "well on the windy side of care," and eschews gravity, specific or otherwise. In 'Mr. Pim,' however, Mr. Milne presents us with an interesting conflict of character and a situation which might at any moment become quite uncomfortably serious. Mr. Pim, dropping into an English country house from Australia, lets fall some remarks which lead his hostess to suppose that her first husband is still alive. Her second husband, a justice of the peace in Buckinghamshire, is terribly upset. All his ideas of right and wrong are hopelessly confused. His wife is not his wife. He has been living in—he cannot even say the word. He sees the whole affair from the standpoint of the county. His wife, on the other hand, sees it from a broader point of view. To her mind the accident which has befallen them does not suffice to upset the moral and human values according to which they have lived happily for years. There is a clear division of principle and feeling between them which, up to a point, Mr. Milne handles firmly and bravely enough, and we become interested to observe how he will deal with the dramatic situation he has raised.

Mr. Milne, however, does not deal with it. Nor, apparently, did he ever intend to deal with it. On the top of the crisis Mr. Pim drops in once more and from his further remarks it is gathered that the lady's husband is dead after all. So the problem disappears, to the general merriment of all concerned. But the crisis has lasted long enough to show that Mr. Milne has possibly more in him than meets the ear. His play had a strong moment even though it was not to be taken seriously; and his picture of the county gentleman, distracted between common-sense and love for his wife on the one side, and the views of the county and his conventionally trained conscience on the other, was drawn with a strong hand. Needless to say, Miss Irene Vanbrugh shows once more in this play that she is in a class all by herself as a comic actress. Mr. Milne is a lucky man to have secured her for a constant interpreter. Mr. Boucicault plays the meandering Mr. Pim with an exquisite drollery. It must be difficult so clearly to convey an impression of such utter vagueness. It should also be mentioned that Mr. Milne has put into his play a couple of young sweethearts who are really young and whose high spirits are really infectious. The young person in love is usually a necessary evil on our stage. Mr. Milne's young people are a pleasure to meet.

We turn to a very different kind of entertainment in Mr. Masfield's 'Pompey the Great' at the St. Martin's Theatre. The play is written for the most part in terse and sinewy prose, as far as possible removed from any conceivable kind of natural speech, with disastrous lapses into the colloquialisms of a modern barrack. The treatment varies from the employment of an Elizabethan apparatus of ghosts and omens to the frigid realism of the minutes of a Parliamentary Committee. We are jerked from mood to mood without preparation until we lose the capacity to feel anything but wonder as to what may be coming next. The only prevailing and constant impression

we obtain is that of the author as a man of sentiment who will stick at nothing. When Antistia tells the story of her father's murder she tells us also that her doll was stolen by the children standing by. When Pompey goes to his death he gives his dish of figs to a boy, who bursts into tears. When the laurel arrives for Pompey from Rome he puts it on the head of a dead soldier brought to his tent. In each case we feel that the author deliberately sets out to wring our hearts. These touches have not the natural inevitable appeal of the dramatist who is intent upon his subject. The doll and the dish of figs are "properties"—properties skilfully and legitimately used by a sentimentalist to inspire sentiment. In Mr. Masfield's treatment of his theme we find much confusion of temper and mood, but persisting through all the confusion we find everywhere the hoof-marks of the ass in 'Tristram Shandy.'

Mr. Masfield shows us Pompey resolving to fight Cæsar, who has crossed the Rubicon, refusing to give battle at Dyrrhachium, overruled by his generals and the Senate at Pharsalia, and murdered by the Egyptians at Pelusium. All this time Pompey is making speeches on the greatness of Rome, the infamy of bloodshed, the sanctity of law, the dawn of freedom, and other high topics. As the hero of a play full of battle and murder and sudden death Mr. Masfield's Pompey is most incongruously placed. We cannot believe that such a man ever commanded armies and conquered half the world. We should as soon expect to see Mr. Gladstone leading Napoleon's charge at Lodi. There is no reason why Mr. Masfield should not write a play with speeches (very fine speeches in the right time and place) like these of Pompey. But why not choose a more likely messenger? Mr. Masfield wanted a hero with Liberal sentiments who died tragically in their behalf, and Pompey was the last man to serve his turn. Even in Mr. Masfield's play Pompey is unfaithful. Mr. Masfield's Pompey fails at Pharsalia because he weakly acquiesces against his own convictions in bad military strategy dictated from Rome. He dies at Pelusium not for his faith, but because he walks rather foolishly into an obvious trap.

We can only suppose that Mr. Masfield took Pompey for a hero to spite the Cæsarians. He intended a counter-blast to Mommsen and all those others who have worshipped at the shrine of Alexander-Napoleon-Cæsar. But Pompey is a poor stick with which to beat the mighty Julius. Pompey perished because he was less able, and not because he was more scrupulous, than Cæsar. Long before Cæsar crossed the Rubicon Pompey had breached the Roman constitution scores of times. It was Pompey who refused to disband his armies when Cæsar proposed a general disarmament. It was Pompey who first enjoyed triumphs to which he was not entitled, and backed his friends in the courts with his official influence. Pompey was Cæsar's master in civil broil, and it was Cæsar, not Pompey, who first refrained from executing the Opposition when he assumed office. Pompey, it is true, was more frugal and temperate in private life than Cæsar; but this was lack of appetite rather than abundance of principle. He was the favourite client of Flora the courtesan (who could never part from him without a bite), and his political marriages were as sordid as any that have ever been recorded of the successful arrivist.

Mr. Masfield has, in fact, travestied history without justifying the travesty by writing a good play. We do not censure the dramatist who compresses, emphasizes, or embroiders events to strengthen his dramatic conception of an historical episode or personality. But it is surely wrong to take an historical figure for a mouthpiece of ideas and principles which are utterly incongruous with the known facts. It might be possible to write a play in which Charles I. should die as a martyr to the principles of parliamentary government. But the enterprise would hardly be wise or likely to lead to any really impressive dramatic results. Mr. Masfield must choose his hero more discreetly next time. Pompey was defeated by Cæsar in his lifetime. He will continue to be defeated by Cæsar to the end of history because Cæsar was a man who knew what he lived for, whereas Pompey was a man who did not know for what it was he died.

CORRESPONDENCE

STRAINING AT GNATS AND SWALLOWING CAMELS.

SIR,—The present attempts of the Government to palliate the evils brought about by the famous "People's Budget," with its carefully nurtured class antagonism, are really very humorous. Amongst the efforts at conciliation may be reckoned the Profiteering Act, which seems to work in practice something as follows:—Draper A—charges a customer for a collar, 1s. 2d. The customer has bought a "similar collar" for 1s. last week from Draper B—. Therefore Draper A— is a scandalous person, guilty of the heinous crime of profiteering. He is forthwith haled before the Tribunal, where he most likely is easily able to prove that his collar at 1s. 2d. is of superior quality to that of Draper B—, or that his profit on the transaction was actually less than that of Draper B—. Doubtless it is most important from an electioneering point of view to give all voters an opportunity of bringing themselves and small tradespeople into prominence over twopenny-halfpenny causes: if it were not for the humour of the thing one might be inclined to think it a waste of valuable time and temper.

Now let us see how things happen where the results of the "People's Budget" come in, for the fright given to capitalists by this remarkable effort is undoubtedly one, if not the chief, cause of the house shortage. House owners are now offering dwellings for sale at anything from one hundred to one hundred and fifty per cent. profit on the capital laid down. Tenants are being offered the choice of paying the enormous price asked or clearing out. That there is nowhere a house within the district for the tenant to move to is all in favour of the landlord, who is thus enabled to give another turn to the screw before the victim submits. It is true that a recent Act protects tenants from rise of rent or eviction till 1921, when the rent is within certain limits. It is true also that some tenants, who cannot afford to buy at the price asked, have agreed to raise the rent in the hope of being undisturbed: but lo! as soon as the rent is raised the landlord is free to eject. Another score for him; within knowledge of the writer this has actually occurred in one case, and was attempted in another without success. Apparently the Profiteering Act, which harasses the little tradesman, does not apply to the rich landlord. It is all very humorous, and no doubt will some day provide good material for comic opera of the 'Mikado' type. Meanwhile those who are lucky enough to have houses to sell are no doubt hugging their souls and blessing the vagaries of a "Government of the People, by the People, for the People."

As a matter of fact, any serious attempts on the part of a Government to interfere with the economic laws of supply and demand must always end in disaster of some kind. The famous Profiteering Act known as the "Edict of Diocletian" in the year 301 A.D., in which the penalty for infringement was death, resulted in drying up all trade, and starvation followed throughout the Roman Empire till it was repealed. What the present Act will result in remains to be seen: it certainly will not encourage trade, even if it does not frighten it, as the "People's Budget" frightened the builders of houses.

OUR ASYLUMS.

SIR,—You are rendering great service to those who are endeavouring to secure reform of the Lunacy Acts and their administration (the latter being, if anything, the even more important) by admitting further correspondence on the above subject, and I trust that you will continue to keep your columns open.

Of the three letters in your issue of Jan. 17, I need not make reference to those of Mr. Denis Gwynn (except to thank him for directing my attention to discussion in other weeklies, and Prof. Elliot Smith's 'Shell-shock and its Lessons') and Mr. T. F. Bishop, both of which provide valuable confirmation of the indictments by 'A Patient for Five Months,' and myself, in

your issues of December 20 and January 3 respectively.

With regard to Mr. G. E. Mould's letter, the contents are at such variance with the hideous facts so widely known, and are, in part, so self-contradictory, that it might be the wisest course to ignore the letter, especially, for my part, seeing that Mr. Mould makes no reference to the subject of my previous letter (which dealt with the mental wards of military hospitals) other than to brand it, and other recent letters in your journal, as "absurd." As, however, it is possible that other would-be reformers will ignore the communication, I venture a few comments upon extracts from same:—

"They deal with the work of my own life." Very well, then; that life and its consequences to others should be investigated.

"I am the son of . . . , one who was consumed by a burning desire, etc." Mr. Mould's father knew of the horrible treatment then prevalent, and he worked for reform. What measure of success did he attain, and what was its duration?

"I write with knowledge, if not with impartiality." Knowledge of what? His father's work? His own? Or, of the conditions in all asylums in the present day? As to the first, Mr. Mould suggests that his words might be lacking in "impartiality," and this lack might also apply to the second. As to the third, his letter displays his total ignorance.

"In every sitting-room of an asylum there has to be hung up a long list of the persons to whom a patient's letters must be forwarded unopened." Does Mr. Mould vouch for this "has to be" regulation being obeyed; and that such letters as may be forwarded are not tampered with prior to their despatch? Even so, what right (morally) has any man, or body of men, to spy into, intercept, detain, or destroy any letters from or to any person—sane or insane? Mr. Mould ignores the fact that asylums contain "sane" persons, whose letters are similarly interfered with.

"There are case-hunting solicitors—there are case-hunting doctors also." Yes; and Mr. Mould might have added—there are case-hunting proprietors of asylums.

"All asylums are visited by the Central Board of Control, the proprietary places frequently and without notice by specially appointed justices." There is a distinct differentiation here, which, on the face of it, denotes that asylums (other than proprietary) are visited infrequently, and with notice. But, assume all visits, to all asylums, to be frequent and without notice. What then? A stroll round the premises; lunch with the urbane proprietor, or superintendent; a few words with the attendants; the same with a few patients (without privacy); and "au revoir."

It is an unquestionable fact that, notice or otherwise, these official visits are worse than useless. The camouflage is perfect, and the malpractices continue.

The remainder of Mr. Mould's letter is equally futile and unworthy of analysis and comment. As it is, I doubt your affording space for the foregoing. I regret that (as Mr. Mould coolly remarks) you have been "taken in" (in publishing the previous letters), but there is one of Mr. Mould's dicta that you and everyone desirous of reform will thoroughly endorse, viz., "Magna est veritas, et prevalebit."

FIAT JUSTITIA.

A LABOUR RECRUIT.

SIR,—A letter appeared in *The Times* the other day informing us that Mr. W. Deedes, of Saltwood Castle, is a member of the Labour Party. The name is that of one of the oldest families in Kent, and reminds us of the scene in Lord Stanley's dining-room in St. James's Square, inimitably described by Disraeli as the "ludicrous catastrophe" of February, 1851. Lord Stanley called a certain number of peers and members of Parliament together, with the object of forming a Tory Government, which, after some discussion, he was obliged to abandon. "Beresford" (the Chief Tory Whip) "frantically rushed forward and took Lord Derby aside, and said there were several men he knew waiting at the Carlton expecting to be sent for,

and implored Lord Derby to reconsider his course. Lord Derby inquired impatiently, 'Who was at the Carlton?' Beresford said, 'Deedes.' 'Pshaw!' exclaimed Lord Derby, 'These are not names I can put before the Queen. Well, my lords and gentlemen, I am obliged to you for your kind attendance here to-day: but the thing is finished.' . . . Beresford looked like a man who had lost his all at roulette and kept declaring that Deedes was a first-rate man of business." The Mr. Deedes here alluded to was M.P. for East Kent and lived at Sandling Park, which was then on the same estate as Saltwood Castle. The Venerable Archdeacon Deedes of Hampstead is the youngest son of the Deedes whom Lord Derby rejected, and Mr. Deedes of Saltwood Castle is perhaps his grandson. And he is a member of the Labour Party! Times have changed, indeed, and I trust that there are not many Kent Tories who have gone that way.

A KENTISH TORY.

GRAY'S IMPROMPTU.

SIR,—I agree with your correspondent "Curiositas," that it is probable when Gray wrote of the first Lord Holland, that he retired to the North Foreland "to smuggle a few years," he meant to accuse him of embarking on the trade of smuggler, for two reasons: 1. Between the years 1735 to 1750 smuggling, or fair-trading as it was called, was a burning question. Walpole's celebrated Excise Bill, circa 1735, was intended to put down smuggling, and caused great excitement. To accuse Lord Holland of smuggling would be a bitter gibe, conveying just the amount of dishonesty which Gray wished to impute to the most venal politician of his day. 2. The following stanza seems to reinforce the accusation. The lines

"Earl Goodwin trembled for his neighbouring sand;

And mariners, though shipwreck'd, dread to land"
have no point except on the assumption that Holland was a smuggler, or at least a wrecker. To "smuggle" in the sense of stealing a few years from Time would be too commonplace for one of the subtlest of our poets, so unaccountably dismissed by Johnson as "a barren rascal."

A. G.

SIR,—The difficulty which your correspondent "Curiositas" finds in explaining the word "smuggle" in Gray's 'Impromptu,' can easily be removed. At a stone's throw from the house which Lord Holland acquired at Kingsgate in 1762, lay the head of a narrow pathway leading down between chalk cliffs to the beach. Smugglers, it was said, had made full use of this natural outlet in days gone by, and a rampart and portcullis had even been erected to restrain their illegal pursuits. These defences had been swept away long before Holland's arrival in the Isle of Thanet; but the local tradition survived, and to it the poet's reference can doubtless be attributed.

ILCHESTER.

AN INTELLIGENT BABOON.

SIR,—When the idea of the evolution of higher from lower forms of life occurred to Darwin, he saw and noted that if proved, it would change the whole philosophy of life and nature, including metaphysics.

The baboon "Jack," who with unfailing success worked the signals for nearly eight years on the Uitenhage line in South Africa, and performed other duties considered exclusively within the capacity of the *genus homo*, an account of which is given in the December *Abolitionist*, affords the strongest and most direct evidence yet adduced in support of the Darwinian theory, that I have read.

The account is taken from a review which appeared in the *Observer*, of October 12th, of a book called 'The Natural History of South Africa; Mammals,' by F. W. Fitzsimons, for which it was checked by the still living owner of the baboon, a Mr. Wide.

James Edwin Wide, a railway guard, being crippled by the loss of both legs below the knee, became a

signalman, about 1880. One day he saw a half-grown baboon for sale, and purchased him in order to have an amusing pet. "Jack" proved an apt pupil, and an extraordinarily faithful and affectionate friend. He learnt in a year or two to work the levers of the train signals. Anticipating his master after a short observation, he would hand the key of the signal-box to the engine drivers and afterwards replace it on its accustomed nail, the signal to do so being the sounding of the locomotive whistle four times. His master being a cripple, was wont to travel up and down on the railway by means of a trolley. This trolley Jack would adjust on the rails and then push. When his master left it, Jack would remove the trolley from the rails and replace it against the side of the platform. Jack came to know each one of the levers and the one he was to pull at the appropriate moment. He stood 4 ft. 6 in. in height and his strength was so great that he could pull the "distant" signal three-quarters of a mile off with ease. On more than one occasion, when his master had fallen and injured himself, Jack took over all his duties till he recovered. When Mr. Wide cultivated his little patch of garden ground, hobbling about on his stumps, Jack would assist him by carrying away the rubbish. He worked the pump for irrigation. "He loved his master so dearly that—poor fellow—he worked himself almost to death and pumped sometimes till he fell exhausted. When his master was resting, Jack would gently stroke his face or his hand, and with a touch as light as a woman's, brush specks of dust off his clothes." When this baboon first began to work the signals on the Uitenhage line, "passengers raised a strong protest on the score of risk of accident, but never once was Jack known to fail throughout a period of nearly eight years." He died at about the age of eleven years (nine of which were spent with Mr. Wide) from tuberculosis. Mr. Wide, who cannot even now refer to his memory without tears—though it is nearly thirty years since his demise—is still living.

Such is the account given in the *Abolitionist*, of this remarkable anthropoid.

Emin Pasha, the African explorer, is reported to have seen a herd of gorillas carrying torches. It seems more probable that what he took for torches, were burning sticks picked up from a fire left by natives. In countries where these creatures abound, travellers tell us they will gather round the wood fires left by them, chattering and warming themselves, but though possessing a physical conformation equal to the task, in no case has one ever displayed sufficient intelligence to keep them alight by throwing on more sticks; and some writers argue from this, that had they just sufficient intelligence to do so, the world would long ago have been destroyed by universal conflagration. This brings us to the problem of the insane and criminals, who, unless restrained, would subvert civilisation, or even bring life to extinction. Of course, all criminals are morally insane.

Many educated pagans will not eat flesh foods on the ground that it would be eating their brothers and sisters. If the *genus homo* has really ascended from the simian stirps, then, their use in physiological experiments is more flagitious than eating our more collateral congeners the quadrupeds. In America and on the Continent, where anaesthetics are not used in such experiments, we, under the same experiences, should think we had fallen into the hands of the arch-fiends.

MAURICE L. JOHNSON.

BE KIND TO PUSSY.

SIR,—It would be easy to show that, as a rule, the advocacy of prohibition is disinterested and not mercenary, as alleged by your correspondent, Mr. Harper. But even if the mercenary motive were proved we should be no "farrader." Truth remains truth whatever may be the motive of its utterer, and cannot be disregarded with impunity. If all paid advocacy is to be regarded as tainted we are bound in logic to scrap our clergy.

It is further to be borne in mind that the dollars in question have been subscribed by men and women convinced of the benefits of prohibition and desirous of

its world-wide adoption. No charge of self-seeking will lie against them. These people may be mistaken, but even if so, their representatives should receive a patient and courteous hearing instead of the torrent of contumely, and worse, which they have experienced hitherto. They, and we for them, ask for nothing but fair opportunity of stating the case and an honest, as apart from a prejudiced, judgment on its merits.

The nightmare which haunts Mr. Harper as to the evils of prohibition would soon depart if he would examine dispassionately its record of success in every case in which it has been deliberately adopted and loyally observed. Your other correspondent, Mr. Brightstone, evidently has no fears on that score.

It is quite unfair of Mr. Harper to attribute the drinking of wood spirit to the enactment of Prohibition. The sale of wood spirit camouflaged as whisky is banned in the States and if the victims of a depraved appetite break the law intended for their protection they have only themselves to thank for any consequences which may ensue.

I am glad to note that Mr. Harper is a total abstainer. If his example in this respect was followed by all citizens, or even by all reputable citizens, our drink question would be solved and "Pussy's" occupation gone—to the great relief of us all.

FRANK ADKINS.

BYRON'S LETTERS.

SIR,—Your correspondent "B. A." refers to the asterisks in Byron's letters, and asks for the restoration of names omitted by the "prudery of Murray."

When my large edition of Byron, edited by Mr. R. E. Prothero, was being prepared, I made every effort to recover the original diaries, and letters to Moore, in which these asterisks occur, but apparently they were all destroyed by Moore's executors.

These originals were never, so far as I am aware, in my grandfather's possession, nor was he responsible for the asterisks. All names that can be certainly identified are now restored.

I would recommend "B. A." to be a little more careful in making sweeping assertions without evidence.

JOHN MURRAY.

WHERE IS OXFORD?

SIR,—After your crushing attack on its intellectual shortcomings in last week's SATURDAY REVIEW, Oxford might well be expected to hide its diminished head in shame. But perhaps I may be allowed to plead the following facts in extenuation.

(1) "Oxford" (I quote from your pages) "has sunk to the post of maid-of-all-work to the Fabians, and the extreme wing of the Labour Party."

Last week, the motion for debate at the Union was "That a return to power of the Labour Party would be a national disaster."

The motion was carried by 211 votes to 171.

(2) "The best of the War poets have been Cantabs." Comparisons are odious at the best of times; they are positively unsafe in a case like this, when the works of such War poets as James Flecker, Robert Nichols, and Robert Graves can be placed on one side of the scale.

(3) "Among the heads and dons we search in vain for any commanding personality like Jowett, Henry Smith, etc."

No doubt; but the names of Professor Gilbert Murray, Sir Walter Raleigh, and the late Sir William Osler, have become household words, not merely in this country, but also on the Continent, and throughout the Empire.

Surely in these circumstances it is at least a little premature to cry "Fuit Oxonia!"

F. R. R. BURFORD.

[We are very glad to hear that the Union carried the anti-Labour motion, though by a small majority. We admit that Professors Murray, Raleigh and Osler are men of whom any University would be proud; but the last is dead and the first two hardly belong to the rising generation.—ED. S.R.]

REVIEWS

GUN, PENCIL AND PEN.

Wanderings and Memories. By J. G. Millais. Longmans. 16s. net.

A Naturalist's Sketch Book. By Archibald Thorburn. Longmans. £6 6s. net.

Birds in Town and Village. By W. H. Hudson. With pictures in colour by E. J. Detmold. Dent. 10s. 6d. net.

HERE are three books appealing to lovers of living nature, each in a different way, but all by true naturalists. Your true naturalist is not the "mere closet catalogue-writer who," to quote Roosevelt, "examines and records minute differences in 'specimens' precisely as philatelists examine and record minute differences in postage stamps," nor is he the mere sportsman whose chief boast is a big bag, nor even the hunter—a title for which Arthur Neumann confessed a preference in a letter to Mr. Millais. Still less is he one of those literary craftsmen who spin out nature talk as tenuous as a spider's web and contrive to endow animals with human ideas and consciousness, an error which Mr. Millais condemns even in that accurate observer Mr. Kipling. The naturalist has a deeper sympathy than have any of these. Mr. Millais may kill for the sake of science, though that plea will not always avail him, any more than it availed with his headmaster when he was caught "catapulting small boys in the region of the—er—er—posterior." More often it is for the sake of sport: "One day, in 1885, up got a brace of woodcock, which I shot with a right and left. Hardly had I reloaded when another pair rose, and likewise fell to my gun. I was again reloading . . . when a fifth bird rose, and fell dead to a long shot." There are many such passages between this one and the last sentence of the book: "Stalking in 1919 I killed 24 stags in 16 days. Only two of them carried good heads." Though his disgust is intense when, having left his rifle at home, he meets a fine reindeer buck, still Mr. Millais does in his way love the creatures of the wild, for he himself is of a wild and roaming nature which has made him "in turn soldier, sailor, a British Consul, artist, zoologist, author and landscape gardener." And so he can watch Skuas hunting ducklings or a Hooded Crow playing with a female Merlin, and sit quietly among the Red-necked Phalarope. Unlike Mr. Millais, Mr. Hudson does not dissemble his love: "The man who can needlessly set his foot on a worm is as strange to my soul as De Quincey's imaginary Malay, or even his 'damned crocodile'." The birds are his favourites, and many will be glad to have this new edition of his earliest book on birds in England, with an added chapter, nominally on birds in a Cornish village. It is literary, of course; but the writing is based on solid fact, and though Mr. Hudson is sensitive, he is not sentimental. The weapon of Mr. Thorburn is neither the gun nor the pen, but brush and pencil. He annotates his drawings with adequate and sometimes interesting comment, but it is the exquisite care or masterly ease of his pencil that reveals his love.

All the books are illustrated. Mr. Millais agrees with Roosevelt and Neumann that drawings made on the spot by a zoological artist are superior to all forms of instantaneous photography. Certainly the productions of his own vigorous pencil are far more interesting than his photographs of big catches. No photographer could have given the fine picture of the North Cape with two Sea Eagles striking their prey. The birds may be compared with a similar sketch of the Golden Eagle by Mr. Thorburn. Mr. Detmold's highly decorative coloured drawings suit the beautifully finished prose of Mr. Hudson, but they are far from conveying the sense of actuality that springs from the slightest sketch by Mr. Thorburn. Mr. Detmold composes a charming panel with delightful detail of flowers, but Mr. Thorburn seizes on the characteristic features and pose of every creature that he draws. It would be difficult to overrate the knowledge that this implies.

When he wishes to direct attention to the plumage, as in the water-colour study of a hen partridge, he can give it with finished accuracy, but, as he says, "more of the true spirit and sense of movement" is suggested in the less elaborate sketches. The studies of Black-cock and Great Bustard courting are particularly noticeable, but the pencilled sketches of the song-birds are perhaps more attractive, for here we seem to sit beside the artist and to note with him every varied hop and jerk and flutter. This worthy pupil and successor of the great artist Joseph Wolf has here reproduced for us drawings of ninety-four British birds, mainly birds of prey and game-birds, where his strength and brilliance are unrivalled; then eight mammals are portrayed on six plates, which include some fascinating sketches of the Woodmouse. Following the pictures of Scottish birds' haunts and studies for backgrounds, are some delicate colour-sketches of the Germander Speedwell, the Dandelion, and the Plantain, which are quite as beautiful as anything in this beautiful book.

Our three authors differ not only in their mode of presentment, but occasionally in their opinions. Thus, Mr. Hudson ascribes the increasing number of wood-pigeons to the destruction by gamekeepers of the magpie, among other eaters of pigeons' eggs; but Mr. Thorburn assures us that, owing to the lack of game-preserving, the magpie has of late greatly multiplied. Mr. Millais seems very doubtful whether woodcock carry their young, but Mr. Thorburn quotes an exact account of a particular case by Mr. George Brooksbank. The habit, it is clear, exists, but is not universal; we may see here an instinct in the making. Mr. Hudson adduces much evidence to show that starlings pair for life, and believes that similar constancy obtains in far more species than is generally supposed, for a couple may pair for life, yet not remain all the time or all the year together. Mr. Millais supplements this by pointing out that handsome males, as in the game-birds, are polygamous; but the female of the Red-necked Phalarope is much the more beautiful of the two sexes, and she manages to get two husbands, whom she employs to tend the young. These notes may serve as samples of the many observations on animal life scattered through these books. Mr. Thorburn, but for a scathing reference or two to the egg collector, confines his objective notes to the creatures that he portrays. Mr. Hudson subjectively moralises on his birds in relation to man. Mr. Millais has as much to say about individual men and women as about the beasts, birds and fishes which so many of them hunted. Arthur Neumann, Theodore Roosevelt, P. D. Malloch, and Philip Ryan, of Newfoundland, are among those of whom longer accounts are given. The first and last of these are connected with a couple of remarkable ghost stories. The Society for Psychical Research has already recorded one of them; if it has a museum it should obtain that gruesome counterpane with its central design of a woman in black, surrounded by stains which, two years after her death, were still blood-red.

THE ARAB QUESTION.

The Countries and Tribes of the Persian Gulf. By Col. S. B. Miles. 2 vols. Harrison & Sons. £1 11s. 6d. net.

WE are told in a preface that the contents of these volumes represent "Notes—jotted down on odd bits of paper," by the late Colonel Miles, "as he rode through the desert on his camel," that he was unable to revise them, and that his widow has published the manuscript exactly as she found it. But there is really nothing desultory or disjointed to be noticed in the work. If occasionally one observes an obvious slip of the pen—e.g., Suleyman for Selim, as Turkish conqueror of Egypt—the revision needed to perfect the text was cursory, and would have given pleasure to an Orientalist. The greater part of the book consists of a history of Oman, that is the south-eastern corner of the Arabian peninsula, between the Straits of Hormuz and the cape called Râs-ul-Hadd. Strictly speaking, Oman is outside the Persian Gulf, of which its lofty cliffs command the entrance. But

it has always held a dominant position in relation to the tribes along the Gulf, and its history does, in fact, involve the history of those tribes.

The division of the tribes of Oman between immigrants from Al Yaman and indigenous inhabitants, which existed in pre-Islamic times, bears a close, if unperceived, relationship to their division in Islamic times between Sunni and Ibadhi. The same historical phenomenon may be observed in other regions of Arabia, also in Syria and Irak, where a difference of customs usually ascribed to faith connotes a much more ancient racial difference. But when Colonel Miles applauds the Ibadhis as the patriots of Oman and condemns the Sunnis as poor-spirited, he seems to us to go astray upon a false analogy. In his panegyric of Islam at the beginning of the book he makes no mention of its chief political achievement: the abolition of aggressive nationality. But even before the advent of Mahomet there was no such thing as Arab "nationality," in the sense in which we Europeans use the word. There was only tribal pride and tribal jealousy. And it is to the persistence of the tribal animus among the Arabs in opposition (though disguised) to the ideal of universal brotherhood which Islam came near to realise, that the phenomenon of so much heresy (so-called, but really insubordination to the Caliphate) must be ascribed. That tribal spirit is very far from our idealistic patriotism; and the Ibadhis of Oman, the Zeydis and Obeydis of Al Yaman, the Metuâli of Syria would themselves have repelled with indignation the idea that their efforts had a national or patriotic character. They were opposed to the Caliphate simply because it happened to be Sunnite. If it had been Shi-ite, they would then have been its loyal helpers. The idea of fighting for their country in the European sense, of idolising certain boundaries within which they lived, never occurred to them.

We raise this point because most Englishmen who know the East, like Colonel Miles, have been misled by this idea of patriotism into championing the refractory elements in Muslim lands; and the bias, evident in their reports, has coloured British policy till now it is a commonplace to talk of Oriental "nationalism" as a hopeful and progressive symptom, and of Pan-Islamism as a danger. Pan-Islamism is, in fact, Islam. The so-called nationalism which appears in certain Muslim countries is pan-Islamism broken up—i.e., the natural consequence of arbitrary division of the Muslim super-nation, which is indivisible in sentiment. Its most remarkable effect has been to unite the Sunnite and the Shi-ite, who have fought for centuries, in opposition to the common enemy—ourselves. The Arabs have a proverb: "I am against my brother; I and my brother are against our cousin; I and my brother and our cousin are against the stranger," worthy to be borne in mind of those who talk complacently of a vast Arab empire under British guidance.

To return to the text. How many people know that Oman—or rather its chief town and seaport, Muscat, where our author was for some years Consul-General—was ever a great maritime Power, able to treat on something more than equal terms with our East India Company, and with an empire stretching down the coast of Africa to Zanzibar? The struggles of that empire and "the Muscat rovers" with the Persians and the Portuguese, with French and English pirates, the endless civil wars among the hills of Oman (sufficient in themselves to query the report of patriotism) and the violent assault of neighbouring tribes—these are the material for an exciting history; but no more than the material as here set forth. The narrative of Colonel Miles is little more than a catalogue of events taken directly, we imagine, from the works of some Arab authors whose idea of history is such a catalogue. It is where he has derived his information wholly or in part from European sources, as in the case of Portuguese "conquistadores"—whose barbarity is still a legend in those waters—and of the French and English pirates, their successors, that his narrative is more amusing, because less impersonal. The exploits of the

most notorious of the English buccaneers who found in the Indian Ocean their happy hunting-ground—Kidd and Avory—pale before this notice of John Plantain, a native of Jamaica, who founded a Pirate State in Madagascar: "Having amassed considerable wealth, he settled in Ranger Bay or Antongil, to the north of St. Mary's, where he built a fort, collected many slaves, and established a large harem. He also repaired Avory's fortifications at St. Mary's and became known as the King of Ranger Bay. There were many English pirates in that part of Madagascar, some of whom joined him, while others, among whom was King Kelly of Mannigory, treated him as an enemy. One of the chief native rulers in the island was King Dick of Massaloge, whose grand-daughter, Eleanor Brown, was demanded in marriage by Plantain. King Dick not only refused to give her up, but defied Plantain, who thereupon made war upon him and killed him and carried off the girl. Among Plantain's principal adherents was Mulatto Tom, said to have been a son of Avory by the Indian lady he had taken from the *Gunjso wall* in 1696. Plantain's successes made him aim at the complete sovereignty over Madagascar, but his ambition over-reached itself, and the hostility of the natives convinced him at length that his stay in the island was impossible. He accordingly sailed for India about May, 1722, and after being nearly wrecked on Bombay Island reached Gheriah, where he was joyfully received by Angria, who made Plantain Admiral of his piratical fleet."

The official advance of English culture in those latitudes reads but tamely after that! It was surprisingly timid at first, and surprisingly honest. The last few chapters of the book contain descriptions of Oman and some adjacent islands, from the author's personal observation, and an appendix contains the notes of later travels in Mesopotamia at the time when he was Consul-General at Baghdad. But the History of Oman is the staple of the work—a notable achievement. No one interested in that corner of the world—and the number of those interested must be vastly greater than before the war—can afford to ignore it.

We are told in the preface that "the system of transcription of proper names is that which was generally employed by Orientalists and British Indian officials some forty or fifty years ago." No system can account for the spelling of the same name in three different ways in the same paragraph. The book requires, and it deserves, revision by an Arabic scholar; and it also requires a map.

SWEET LAVENDER.

A Garden of Peace. By F. Littlemore. Collins. 10s. 6d. net.

MR. LITTLEMORE'S "medley in quietude," where Goldilocks might sit among roses and auriculas, is spoiled by a good deal of elderly jocosity and ferocious jingo politics. Do we want to hear in a garden of peace that a Crown Prince is a contemptible blackguard, a dominator of the demi-monde, or that his precious father is an emperor of the penny-gaff, a Bonaparte done in German silver, a theatrical criminal; that the name Haldane is a synonym for colossal impudence and political pettifoggery; and so on and so on? Another chapter is devoted to *odium anti-theologicum*, to ponderous and irreverent jokes about "Early Service" and egg-custard being the accessories of orthodoxy; about the horrid old bald-head Elisha, the conceited and blaspheming braggart St. Peter, or the murderous proclivities of St. Paul as the promulgator of Church Christianity. Why can't Mr. Littlemore shut the gates of his *hortus inclusus* on all this senile silliness? Let him cut the cackle, which is usually offensive, and get to the hollyhocks, which are never so.

When he gets to his flowers he knows what he is writing about, and this handsomely-printed volume is illustrated by eighteen quite delightful photographs of formal gardens harmonizing with charming architecture. The frontispiece of "Castle Gateway and

Keep," is especially attractive. The mid-Victorian idea of a garden was something that you looked at from the drawing-room French window, an arrangement of carpet-bedding, of dwarf-beet, of scarlet geraniums, calceolarias and lobelias. English dwellings were as vulgar outside as in. But it is at last beginning to be understood once more that the house should also be looked at from the garden, both forming parts of one harmonious architectural design. The house being geometrical poetry, the garden must be the same. It is quite true that our modern habits, dress and thought are out of place amid pleached alleys, where once lovers walked hand in hand, amid clipped yews and "curious knottes," and graceful stone goddesses. But they are equally out of place amid old furniture and armour and delicate Adam decoration. In both environments, to be sure, we have the compensation of greatly heightened self-consciousness and the enjoyment of contrast. But the unity of life is gone for ever, and the owner of an exquisite garden cannot possibly be at one with it in the way that grave Dutch burghers were at one with their tulips, or gallants and gay ladies with the topiary fantasies of an antique pleasure. Even Horry Walpole, pining in the country for White's and the Mall, was of a piece with the affected Arcadianism of faun and nymph, gazebo, cascade, and classic temple. Surely homogeneity and repose cannot be recovered. The Shakespeare trustees at Stratford-on-Avon are going to lay out behind New Place an old Elizabethan garden, just as it may have been when the poet came back to dwell among his fellow-townsmen and live down the reproach of ever having written plays: They invite contributions of flowers and herbs such as he knew and mentions lovingly. No doubt the result will be charming. But will the sixpenny visitor feel at home there, or be reminded by violets dim of the sweet lids of Juno's eyes and Cytherea's breath? Still, the cleverly simulated peace of a well-designed modern garden is worth striving for.

Mr. Littlemore applies to his own bowling-green, more than three centuries old, the well-known anecdote, usually told concerning a college lawn, of the American tourist who asked the man mowing it how it came to be such a fine green. The latter replied: "All you have to do, Sir, is to lay down good turf to start with and keep on cutting it for three or four hundred years." This might hold good of a green for bowls, but could not be true of academic gardens, which a glance at old engravings shows to be quite modern. By-the-by, the play of the old bowlers cannot have been very exact on greens cut with scythes, though Milton speaks of a smooth-shaven lawn. Mr. Littlemore pleads for textual inscriptions on garden walls. These and dial-mottoes really did appeal to the moral and religious instincts of our simple-minded forefathers, but with us they would be purely decorative, and would be worthless—if poor twentieth-century lettering were used. Mr. Littlemore has much advice to give about pergolas and "treillage." Beautiful iron-work is, of course, essential. One of the most lovely effects known to us is, or was years ago, in the late Mr. C. E. Kempe's Sussex garden, where exquisite iron-gates between pillars in whose niches stood the four Latin doctors, golden and twined with purple clematis, opened on to a little park. Certainly the gardener's art has made immense progress in the last thirty years, in England especially.

A WINNER OF DERBIES.

John Porter of Kingsclere. An Autobiography. Grant Richards. 31s. 6d. net.

THE successful modern trainer fills an important and responsible position, for he has in his charge four-legged fortunes, and a mistake in his management of them may easily make a difference of many thousands of pounds to the owner by whom he is employed. He is also looked on as a potential fountain of wealth by reason of his presumed ability to supply remunerative information as to the winners of forthcoming

rices; but though jockeys are said to be the worst tipsters, trainers are not seldom very wide of the mark. Before the great majority of notable events—an "event" in Turf phraseology is a race of any description—it is tolerably certain that could a conclave of the principal trainers meet and discuss the subject contrary opinions would well nigh invariably be reached. It follows that the man who congratulates himself on having "got the tip straight from the stable" and backed the winner has been more indebted to luck than he is apt or inclined to believe. If a man of many acquaintances it is more than probable that he might have got the tip straight from another stable and backed a loser. John Porter possessed no doubt a profound knowledge of high-class horses—he trained seven Derby winners—though it used to be said of him that he was by no means a good judge of a handicap; none but the very best much interested him; but when dealing with the best he could go wrong, as in the case of the Leger of 1894. Here he states that he had £100—an unusually large bet for him—on Matchbox, a colt in his own stable. He had another £100 on Lord Rosebery's Derby winner Ladas, in order to "save," frequently one of the most expensive practices connected with betting; as it was here, for the race went to an unconsidered filly, Lord Alington's Throstle, whom Porter also trained, but on whom he did not save—as he might have done at small outlay, for she started at 50 to 1.

When John Porter embarked on his career he was near akin to the old training-groom from whom the contemporary trainer has developed. He relates, as he had related in a former book of which that under notice is an expansion, how he went to Sir Joseph Hawley with a recommendation from Lord Westmorland—whose name is invariably spelt with a superfluous "e"—and how he pleaded for a chance in answer to Sir Joseph's remark, "But you are only a boy!" Sir Joseph found an exceedingly capable boy, who certainly earned his modest salary of £100 a year. That was the extent of his retainer. The same sum was paid to the stable jockey Wells. Since then £5,000 has been given for first claim on a jockey, and that on more than one occasion; it is understood that Mr. James White, the owner of Irish Elegance, who last year made himself famous by winning the Ascot Hunt Cup with 9st. 11lb., is giving a larger sum for the first call on the services of Donoghue, who has headed the list of winning jockeys for several years past.

John Porter will always be remembered for his association with the trio of three-year-olds any one of whom, all having been well, was good enough to win the Derby of 1868. Rosicrucian was the best of them, Blue Gown, who actually did win it, inferior not only to him but also it appears to the filly Green Sleeves. There were bold pressmen in those days, and one of them wrote an amazingly impudent libel on "Sir Joseph Scratchawley," for under that title he was pleased to describe the baronet, who had displeased him by scratching one of his horses. Three months' imprisonment and a fine of £50 was the result.

But it is as the master of the Kingsclere stable that Porter is even better known. It would be interesting to learn the value of the animals that filled his boxes when Orme, La Flèche, Watercress, and others who stood out, were winning their races in 1891 and 1892. Orme, the son of Ormonde, the last named being esteemed by many critics the best horse ever known whilst others hold to the belief that there has never been a better than St. Simon, was the subject of a memorable sensation. So many animals have been "got at" according to rumours that one hesitates to credit legends concerning this species of iniquity. But the Duke of Westminster and his trainer seem to have convinced themselves that the colt was poisoned, by one of the stable boys, who thus revenged himself for dismissal. No doubt the horse's illness prevented him from winning several valuable prizes which he could hardly have lost; as it was, however, the fourteen races which he did win brought in a sum of £32,526 in stakes, and to this it is quite possible that the St. Leger, which that year was worth £5,400, should have

been added. The eccentric riding of Orme's jockey, George Barrett, is supposed to have accounted for his defeat; but his stable companion La Flèche was quite good enough to win, and that with something to spare.

The then Prince of Wales had nothing like the good horses at Kingsclere that were destined to carry the purple and scarlet when trained by Richard Marsh, at Egerton House, Newmarket. But Porter went far to lay the foundations of the stud by his purchase of Perdita II, for the comparatively trifling sum of £900. Porter records that when Sir Dighton Probyn was handing over the money, he said "You will ruin the Prince if you go on buying these thoroughbreds!" Perdita II became a perfect gold mine, and, speaking of her in later years, King Edward observed to Porter, "When you bought her for me you as good as made me a present of a quarter of a million of money." Careful calculations show that King Edward was one of the few fortunate owners who have made racing pay, modestly as he began. During the seven years that his horses were at Kingsclere he only won eighteen races worth £6,768, but the stud fees earned by Persimmon alone amounted to something like £140,000, and Diamond Jubilee had earned tens of thousands before he was sold for 30,000 guineas. Whilst in training Persimmon won in stakes £34,710, and Diamond Jubilee £29,145, exclusive of second money.

One of the best horses the Kingsclere stable ever contained was Friar's Balsam. He had beaten Ayrshire and Seabreeze without an effort as a two-year-old in the New Stakes at Ascot, and this colt and filly won the following season the Two Thousand Guineas, the Derby, the Oaks and the St. Leger. It is strange that Porter should not have discovered that the colt was suffering from an abscess in his jaw, which broke as he was on his way to the post for the Two Thousand, a race for which odds of 3 to 1 were laid on him. The details of trials in which great horses took part will be read with interest, and are besides instructive, as evidence of what Porter considered horses ought to be able to do.

UNEQUAL.

Sonnets from a Prison Camp. By Archibald Allan Bowman. Lane. 5s. net.

MR. BOWMAN'S verses are very unequal, as indeed must be the case in the work of a man who thinks nothing of writing four or five sonnets in a single day. Here and there one comes across a sonnet so close-packed with thought that its tiny framework is strained almost to bursting-point; in other cases there is no "fundamental brainwork" at all. He is capable of taxing England with a weakening will and of being reassured that "it is not energy thou lack'st" because

"I felt it when one morn there sudden flew
Around the camp new life and boisterous cheer,
Unlike the mood of those who hitherto
Our wants supplied, and something did endure
The noise of labour to us, and we knew
That English orderlies at length were here."

One may well doubt if a writer capable of this stupendous sestet has any sense of humour, and though Mr. Bowman may console himself with the reflection that in Wordsworth are many worse lines, he will find it difficult to discover in any distinguished poet a parallel to his expression, "sickening thud" in another sonnet.

A GUIDE TO VERSIFYING.

Lessons in Verse Craft. By S. Gertrude Ford. C. W. Daniel. 4s. 6d. net.

IF there really was a need for another guide to English versification, this talky-talky little book has not filled it. Though intended for beginners, it selects as the first form for study nothing less than the sonnet. Then come the lyric, the various French forms, including the little-known dixain, Greek metres in English poetry, blank verse, and the heroic couplet. Chap-

ters on narrative, ballads, epigrams, punctuation, similes, and alliteration have still to be read before we come to "metres for beginners." Those suggested are common-metre, double common-metre, and long-metre; but these terms are neither defined nor explained. In other cases necessary rules, as the length of the sonnet and its division into octave and sestet, are chucked into parentheses. The metre of the sonnet is nowhere stated. The meaning of accent in English verse is first hinted at half-way through the book. Such formlessness in a work on form is not excused by the fact that some of the lessons are reprinted from *The Lady's Companion*.

Still, the information that is given is correct so far as it goes, and may help would-be writers of triplets and the like. If Mrs. Meynell's delicate 'Shepherdess' is "one of the purest types of lyrical perfection in contemporary poetry," then modern lyrics have ceased to be "simple, sensuous, and passionate"; but such appreciations are matters of opinion. At any rate actual mis-statements are not numerous. Perhaps the worst is that "elegiacs differ from hexameters only in their alternation of double with single terminals." The punctuation mark to which the authoress applies the term diaeresis is usually known as ellipsis.

ANOTHER WAR NOVEL.

The Edge of Doom. By H. F. Prevost Battersby. John Lane. 7s. net.

THIS book is not, as its title might suggest, a melodrama of the deepest purple dye, but the story of two normal, rather commonplace Society people, placed by Fate in extraordinary circumstances. The development of their characters and broadening of their outlook under these conditions form the main theme. The earlier chapters are largely taken up by adventures in East Africa, whither the hero escorts the heroine on a quixotic search for her scoundrelly fiancé; and needless to say, the expedition results in marriage between the two former. It is 1914; and the scene changes suddenly to the Western Front, with occasional glimpses of the confused days in England when war was still a new, half-apprehended terror. (Mr. Battersby's brief, vivid sketches of this period are worth remembering.) Through the varying phases of the War the author brings his hero and heroine; and the book ends, as most adventures end for the average man, neither in unmixed bliss nor in hopeless tragedy.

The story is skilfully told, with a deft, yet sparing use of local colour which helps to carry conviction. It is well worth its place on any bookshelf.

PASTEUR.

The Life of Pasteur. By René Valléry Radot. Constable. 10s. 6d. net.

THIS admirable biography of Pasteur, which was first published several years ago, is already a classic of scientific biography; but it deserves more than the usual word of welcome in a new edition on account of the introduction contributed by the late Sir William Osler. The writing of this brief appreciation of the great French chemist must have been almost the last piece of work in Sir William's long and busy life, and no doubt many will turn to it as in some sense a memorial of the writer rather than of Pasteur himself. Nobody more fitting could have been chosen to pay the final tribute than Osler, and no better appreciation of it can be given than to say that, short though the introduction is, it does not strike us as inadequate.

Of Pasteur himself, there is no need to speak at any length. His work stands, and will stand so long as civilisation lasts; it is remarkable, like all supremely great achievements, not only for what it has directly accomplished, but for what it has inspired others to do in the same field. To Pasteur himself, we owe directly the saving of many thousands of lives; to those whom his discoveries led to follow in his footsteps, and to go further into the secrets of life than any one man

could penetrate, we owe not less. But it is to the extension of Pasteur's teaching that we owe the new theory of preventive medicine which, properly handled—that is to say, kept free of that bureaucratic taint against which no anti-toxin has yet been discovered—may revolutionise our conception of public health; and it is possible that in medicine, and in medicine only, will men work in that disinterested and selfless fashion for the public good that Messrs. Smillie and Webb seem to expect of the nationalised bricklayer and coal miner.

Perhaps many who realise the splendour of Pasteur's work for science have little conception of the sweetness of his character as a man. A good patriot in the days of French disaster, a pattern son, husband, and father, he was wide as the poles apart from the conception of the man of science as a cold-blooded monster—a conception which ignorant prejudice has done much to spread. It is to be noted too that, in a day when agnosticism was becoming increasingly fashionable, he never wavered in his faith in religion as he received it. He kept his creed and his science in water-tight compartments; and when he died, the greatest of the many great men whom France produced in the nineteenth century died with the trusting belief of a little child.

THRILLS.

The Crowning of Esther. By Morice Gerard. Odham. 7s. net.

MORICE GERARD'S heroine is fortunate in falling into the hands of an author so liberal of adventures, and withal so certain to provide a happy ending to the many vicissitudes of his story. It is not every woman who can boast of being dispossessed of an heritage, pursued by a villain, and proposed to by a railway porter, all in the course of one crowded, breathless day. All these and many more excitements befall Caroline Wrottsley before she ends up, as all good heroines should, in the expectant arms of the hero. Add to the list an entirely different, but no less thrilling, series of events, through which the arch-villain is finally brought to his just reward, and you will find yourself with a vicarious sense of energy which may do much to cheer an idle winter's evening.

MUSIC NOTES

QUEEN'S HALL SYMPHONY CONCERTS.—Sir Henry Wood was back at his post last Saturday—and on his mettle, too. He had been present when Mr. Coates gave his remarkably fine reading of the Beethoven C minor on the previous Monday, and would have been more than human had he not felt a pang of envy, not only at the ovation but at the critical superlatives which it evoked. The spirit of emulation thus aroused is a particularly good thing for conductors. It prevents their becoming careless over tasks that have grown familiar; it induces them to put on a little extra polish at rehearsal and thus arrive at the pitch of ultra-delicate refinement evidenced at this concert in

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Schubert's 'Unfinished' symphony. If what Mr. Coates had shown us in Beethoven was the best we had heard since Richter, so Sir Henry Wood's achievement in the Schubert surpassed any since that of Nikisch. But the proof of minute care in preparation did not end there. It was made further palpable in the orchestral portions of Brahms's second pianoforte concerto—a seldom-heard and extremely difficult work, the beauties whereof are as a rule partially concealed under rough handling of a rugged and characteristic instrumental covering. The exacting solo part received no less worthy treatment from Mr. Frederic Lamond, whom it was a pleasure to hear in something unusual, yet in music that fits him like a glove. This variable pianist is often dull, but in Brahms never; he understands his idiom, is in sympathy with his spirit, and can impart strength as well as brilliancy to themes and passages that constantly demand both. Hence an admirable all-round performance. The concert began with a suite of four 'Worcestershire Pieces' by Mr. Julius Harrison, played for the first time under the composer's direction. These county appellations are now growing rather common, and we are not sure that they offer any guarantee of distinctness in flavour or originality of idea, whether based upon actual folk-tunes or not. The charm or merit of music of this light texture may, of course, be enhanced by a suggestive quality which calls up pleasurable memories of places or things; but where is it to end? If Mr. Harrison can discourse so sweetly and lusciously on 'Pershore Plums' we shall soon have him traversing other counties in search of inspiration, and giving us 'Kentish Cobs' or 'Devonshire Cream'; after which it will only be a short step to the musical equivalents of 'Yorkshire Pudding' and 'Norfolk Dumplings.' The solitary vocal item at this concert was the air, 'Where art thou, father dear?' which not even Mme. Destinnova at the Czecho-Slovak Festival could persuade us ought to be lifted out of its place in Dvorak's score of 'The Spectre's Bride.' It is a Bohemian exotic that must flourish there or nowhere. Yet Miss Rosina Buckman sang it with an abundance of dramatic feeling.

MISS JESSIE SNOW'S ORCHESTRAL CONCERT.—This promising young violinist used the London Symphony Orchestra to good purpose at Queen's Hall last week, and not merely as a background for her own talent, especially after she had descended from the executive heights of a Wieniawski Concerto (No. 2, in D minor) to the new Rhapsody for violin and orchestra by Mr. William H. Reed. The old virtuoso concertos of the fifties and sixties are, we suppose, a necessary adjunct to the equipment of every aspiring fiddler, but after all they do not tell us more, save in the purely mechanical sense, than the less showy, quieter, yet highly effective writing for the solo instruments of clever and capable musicians like Mr. Reed. His rhapsody is graceful both in idea and treatment, and scored with a picturesque sense of contrast. Her part of it Miss Jessie Snow performed with creditable mechanical skill, while the composer conducted the entire concert in able fashion.

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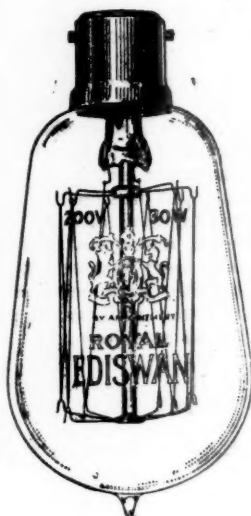
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MOTOR NOTES

The American car is undoubtedly making a big bid for popularity in this country. We do not wish to imply that cars from over the water have not hitherto found favour here, but rather to suggest that the Americans are now working strenuously to break down what prejudice may still exist by adapting their machines more suitably to British requirements. There undoubtedly has been prejudice against American cars among a large section of motorists in this country, and, on the whole, we think it has been justified. Many of the American cars that were in the past offered for sale here were not up to British standards. They no doubt met all the requirements of their native country, but in the hands of British motorists they manifested shortcomings which made them compare very unfavourably with the home produced article. It was additionally annoying to discover, in many instances, that these failings could have been obviated if the makers had given a little closer attention to British requirements and provided for them at a small additional manufacturing cost. But this is just what many firms possessing the groundwork of a good proposition for the British market failed to do. They sent their essentially foreign cars over here on the take-it-or-leave-it principle, and would not deviate a split-pin from their standard specification for anyone. A good many British motorists were attracted by the comparatively low prices at which very completely equipped American cars were offered here, and they purchased them despite certain rather serious objections they possessed. But recent events have increased competition and made the American designer look to his laurels a little more. Just at the present abnormal juncture, we have no doubt, almost any sort of foreign car would sell in this country, but the American manufacturers are astute enough to look ahead and foresee what conditions are likely to prevail when the present extraordinary demand has subsided. Thus one finds a distinct indication of levelling up towards British requirements in the new cars that are now coming across the Atlantic. In

mechanical detail and body design the new Americans we have recently inspected are distinctly more suited to the requirements of this country. There are not, of course, a great number of post-war American cars arriving in England yet, and the number of new makes we have seen since the Armistice could be counted on the fingers of one hand. But there is clear indication that the Americans will make a wider bid for our markets as soon as transport and other conditions allow; and we have little doubt of the result. Recently we have made trials of one or two new American cars which we are quite convinced would sell like the proverbial hot cakes could they reach this country in quantity. Their price, as compared with post-war British cars of corresponding size, is low, their efficiency is high, and they are in every way better articles than the American cars marketed here in 1914. We think that the post-war American car, if it is generally up to the samples we have recently tried, will soon do much to break down what insular prejudice may still remain in the minds of British motorists who are so patiently awaiting the home-produced article. Certainly the acknowledgment by American designers of particular British requirements should provide additional stimulus to competitive manufacturers in this country. There will, most likely, always be a large proportion of car purchasers in this country who will not entertain the claims of American cars. This being so, the schemes of mass production in which the American manufacturers are so extraordinarily successful need not put into a panic any concern that is turning out a sound British car. But the Americans have always had a strong card to play with the uninitiated enthusiast by the fact that their cars are invariably turned out complete in every particular. One price includes full equipment, and very rarely is an American car sold without lighting set, engine starter, and other refinements embodied in its standard specification. Thus it is quite likely that unless certain British car manufacturers become a little more enterprising the near future will see many erstwhile "patriotic" purchasers converted to the imported article.

What they have said

SOME PRESS OPINIONS
ON THE SUPREME

SUNBEAM

THE SUNBEAM MOTOR
CO., LTD., WOLVERHAMPTON.
MANCHESTER: 106 DEANS GATE.
SOUTHERN SERVICE and REPAIR DEPOT:
CRICKLEWOOD, LONDON, N.W.2.

London and District Agents for Cars:
J. KEELE, Ltd., 72 New Bond Street, W.1.

"Always a favourite car with
the discriminating motorist."

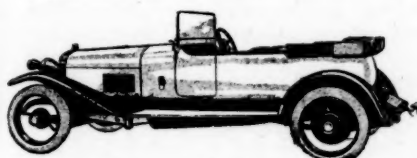
Sunday Times. 9/11/19.

"The 16-h.p. Sunbeam car is
another typically British chassis
which has made a world-wide
reputation for itself."

Times. 10/11/19.

"To-day the Sunbeam is one of
those cars of the highest grade in
the industry."

Daily Mail. 12/11/19.



SUNBEAM-COATALEN AIRCRAFT ENGINES ARE SECOND TO NONE

A MILLION HOUSES NEEDED

*Twenty Years of
Brick-Making*



ESTIMATES VARY. On the authority of Sir Charles Ruthen, Vice-President of the Society of Architects, no less than ONE MILLION HOUSES are needed to meet urgent demands. Calculating that each house requires 25,000 bricks, it will mean, before the present shortage is overtaken, even if the output of bricks is increased 250%, some

FIFTEEN TO TWENTY YEARS of BRICK-MAKING

We cannot afford to wait 15 or 20 years, but we can offer a partial solution of the difficulty. Let these million houses be built with a view to the substitution of gas for crude coal, and to replace chimney stacks and chimney breasts by small flues. You will by this means save no less than 5,000 bricks on each house, or, on a million houses,

FOUR YEARS OF BRICK - MAKING

This question has been specifically discussed in various issues of an illustrated monthly for business men and women, entitled "A THOUSAND AND ONE USES FOR GAS," particularly Nos. 60, 68, and 69 and 70 (Government Housing Schemes), which will be forwarded post free to those interested on application to the Secretary—

THE BRITISH COMMERCIAL GAS ASSOCIATION

47, Victoria Street, Westminster, S.W.1.

NORWICH UNION FIRE INSURANCE SOCIETY LTD.

FUSION WITH THE PHŒNIX COMPANY APPROVED.

An extraordinary general meeting of the shareholders of the Norwich Union Fire Insurance Society, Ltd., was held on the 29th inst., at the head office, Surrey Street, Norwich.

Mr. George Hustler Tuck, chairman, said: Gentlemen, I wish to ask you one simple question—whether, when the proposed scheme for an alliance between the Norwich Union Society and the Phœnix Company took form, your directors would have been justified in rejecting that scheme, or whether it was not their duty to ask for your determination upon it. I feel that it would have been a grievous neglect and abandonment of their duties towards their shareholders if the directors had not given them opportunity of deciding upon this matter. If such a proposal had been advanced before the great war, I can imagine voices being raised and questions asked as to the need of it. But the war has brought its lessons home to us—that in the long run, size and strength must prevail. Since the signing of the armistice we have seen a determination among all mercantile and industrial enterprises to increase in strength and size.

The big insurance companies follow the lead given to them, until we have the recent partnership between two great Liverpool offices, each believing it would be to its advantage to join hands and double its size, and some alliance is necessary for the old Norwich Union to enable it to maintain its prosperous career.

What I have now to prove to you is whether this fusion is desirable and whether the terms are fair. The Phœnix is 137 years old, the Norwich Union 122 years old. Brothers in arms, grown up together in health and strength, there has always been a very warm and close friendship between them, and of all alliances and fusions that have taken place none has been received with more favour. The Phœnix and ourselves are largely complementary one to the other, each bringing something of value to the other. The equality between the two companies is shown in the free assets which each company brings to the common pool. After allowing for all liabilities, including Debentures, each office has approximately £2,000,000 in free assets, and it will be enabled by the fusion to offer increased facilities of insurance cover to the public, which in these days of high values is an important consideration.

The remaining subject for consideration is that of the terms that we have arranged. Each office has accepted the formula that the other is its equal, a fact which a careful examination of the figures confirms; it is therefore a natural corollary that each body of shareholders should possess one half of the total capital. This result is achieved by the agreement. The effect is to give to our shareholders three immediate benefits, viz., release from uncalled liability, increase in capital value, and an increase in dividends. The prospects of the combined businesses not only justify this, but enable us confidently to anticipate in due time a reasonable further increase.

Apart from the pecuniary outlook our responsibilities also entailed making provision for the continuance of the name and entity of this old society which for more than a century has been identified with this city, and which in its world-wide transactions has upheld the honourable traditions of British commerce. In this endeavour we had the immediate and cordial support of the board of the Phœnix. You have been advised of the arrangement by which the business will continue to be carried on under our own name and under the jurisdiction of the present board of directors, who have the power to fill any vacancy in their number which may arise, so that neither the office nor the board will be diminishing factors in the financial progress of this city and county. The friendly relationship that has always existed between the board and the management and the staff has been continually kept in view. The same spirit obtains with the Phœnix Company, and so in our agreement is included the clause which provides for the future well-being and lack of interference with either body of employees. Provision is also made for the maintenance of our close association with our old friends the Norwich Union Life Office. I have confidence in moving the first resolution, viz.:

"That the action of the directors in entering on behalf of this company into the agreement dated 12th day of January, 1920, and made between this company of the one part and the Phœnix Assurance Company, Ltd., of the other part, is hereby confirmed and the agreement adopted, and the directors are hereby authorised and directed to carry the same into effect."

This was seconded by Mr. J. H. F. Walter, the vice-chairman of the society, and carried unanimously.

PHOENIX ASSURANCE

AMALGAMATION WITH NORWICH UNION.
SCHEME ADOPTED.

An extraordinary general meeting of the Phoenix Assurance Company, Limited, was held on the 29th inst. at Phoenix House, King William Street, E.C., Sir Gerald Ryan, Bt., in the chair.

The fire manager, Mr. F. A. Boston, having read the notice convening the meeting,

The Chairman said: Gentlemen,—You are summoned to-day to this special meeting to consider a matter of very great importance to the Phoenix Company, viz., a fusion of interests between the Phoenix and the Norwich Union Fire Insurance Society by the acquisition of the shares of that company. An account of the reasons which have induced the directors to enter into the arrangement embodied in the provisional agreement which you are asked to confirm has already been supplied through official circulars from this office, but some further information may now be placed before you in fuller explanation of the matter.

Perhaps before I proceed you will pardon my referring to the fact that I am to-day appearing before you for the first time as chairman of the board in succession to Lord George Hamilton, whose services have extended over a period of twelve years, covering, perhaps, the most important stage of development in the company's history, with, if I may say so, conspicuous benefit to the shareholders. (Hear, hear). His lordship's request to be relieved of the pressing duties of the chairmanship was acceded to by his colleagues with unfeigned reluctance, but happily he has consented to serve as a deputy-chairman, in which capacity the company will still have the advantage of his wise counsels and his unrivalled knowledge of men and affairs. (Hear, hear).

I will now pass on to refer to the main object of the meeting. In the first place, it is well understood that opinions differ as to the advisability of the amalgamation of prominent financial companies with one another. I need hardly remind you that this has been a marked feature in recent years, and has aroused comments, sometimes of a favourable character and sometimes the reverse. It is, indeed, a matter upon which different views may reasonably be taken by well-informed people, but I should like to think that I am able to persuade you to-day that, whichever view you may take in the abstract—whether the view that these amalgamations are a source of added strength, increased trading facilities, and greater benefit to the community, or the view that competition is thereby reduced, companies rendered unwieldy in management, and the interests of the public put at a disadvantage—whichever of these two views you may take, this particular arrangement is one to which all may equally give their unhesitating assent without yielding a shred of their individual convictions. There is also this important consideration, that, though the business of each company is very similar in character and amount, its distribution, both in the United Kingdom and abroad, lies in different channels, so that by complete co-operation there will result a more general and a wider spread of risks. The active organisation of each company can also be more fully utilised by joint working arrangements than by separate operations. Each company will, in fact, gain in productive power from association with the other, and if I had not great respect for the laws of arithmetic I should say that in this case 2 and 2 do not make 4, but 5 or some higher number. It is worthy of notice that our advisers from America quite take this view of the situation, and convey the opinion that the co-operation of these two powerful companies will open up a wider field of enterprise in that important part of the world.

Thus far I have endeavoured to show you that it is a reasonable and natural development of an old alliance that the Phoenix and Norwich Union Fire Offices should come together by a fusion of their business interests, and the next point I will ask you to consider is, whether the financial terms upon which the board have endeavoured to give effect to this arrangement are, or are not, to the advantage of our company and its shareholders. Of course it is very difficult to express a definite opinion on such a matter as we are now discussing without some knowledge of insurance business and very full particulars of the position of each company, and I need hardly assure you that each item of the terms was most carefully considered by the directors of both companies before the basis of the fusion was agreed upon. The great majority of our shareholders take our view that the arrangement is a very fair and beneficial one, but a few unfavourable comments have reached the board based upon the view that the terms are too liberal to the Norwich shareholders.

With these remarks I beg to move the first resolution, namely: "That the action of the directors in entering on behalf of this company into the agreement dated the 12th day of January, 1920, and made between the Norwich Union Fire Insurance Society, Ltd., of the one part, and this company of the other part, is hereby confirmed and the agreement adopted, and the directors are hereby authorised and directed to carry the same into effect."

The Right Hon. Lord George Hamilton, P.C., G.C.S.I., seconded the proposition.

A brief discussion followed, and, the chairman having replied to points raised, the resolution was carried unanimously.

VAN DEN BERGHS.

On the 26th inst. Sir Herbert Mackworth Praed, Bart., the chairman of the company, presided at the meeting of Van den Berghs, Ltd., and in moving the adoption of the report and accounts, said that it was five and a half long years since he had had the pleasure of addressing the shareholders, and the proof of the able manner in which the directors had overcome the various problems which had arisen during that time was amply demonstrated by the splendid results of the period under review. The board were able to lay before the shareholders a statement showing that the company had not only suffered no loss in the total of its capital assets, but that the results of its trading surpassed those of any former period. The delay in calling a general meeting had been due to the impossibility of being able to audit the necessary accounts of the company, and to the difficulty of computing the amount due for excess profits tax, which had now been overcome partially by the provision of an adequate sum in the undistributed profits carried forward. After dealing with the changes which had taken place in the capital account of the company, and explaining how provision had been made for increasing the means at its disposal, the Chairman pointed out that the parent company and its affiliated concerns had at their disposal a total capital of about 6½ millions sterling. The large sums introduced had enabled them to acquire and establish a number of new factories both here and abroad, and to accumulate large stocks of raw materials which had proved a source of enormous strength to the company. Never in its history had the scope of the company been anything like so widespread as to-day, when they had nearly forty factories in all parts of Europe, comprising margarine, condensed milk, soap, and oil crushing, extracting and refining and hardening factories, with a control over several other businesses. All were in a thorough state of efficiency, and the treatment of the raw materials was quite as important a factor in producing a first-rate article as the actual process of making the margarine. The completion of the factory at Fulham, which had commenced working in February, 1918, was perhaps the company's most noteworthy achievement of the war period. They were turning out their second largest quantity of all the factories in the United Kingdom, and were selling all they could produce in this country. That was without reducing the output of the Dutch factories, where there was a considerable increase. The business in margarine had enormously increased during the war, due largely to the enterprise and research devoted to the improvement in methods of manufacture. In his opinion it would be many years before supplies of butter approached their pre-war standard, and that would mean an enormous increase in the consumption of margarine, for which they had the highest possible reputation. The actual percentage of profit on sales in this country was smaller than in pre-war days, the profit of the company being due to the enormous increase in the volume of sales. Competition would always prove a most effective check against unwarranted high figures. As to the question of raw materials, an unprecedented rise in the prices of oils and fats had occurred since de-control, but their stocks and purchases of raw materials for forward delivery were not only very large, but considerably below to-day's rates of values.

The report and accounts were adopted.

At an extraordinary general meeting, also held, resolutions providing for the subdivision of the 625,000 ordinary shares of £1 each into three 5s. preferred ordinary shares and one 5s. ordinary share, and the increase of the capital to £3,575,000 by the creation of 1,875,000 new preferred ordinary shares, and making necessary alterations in the articles of association, were carried after a poll had been taken.

BANK OF LIVERPOOL AND MARTINS, LIMITED.

EIGHTY-NINTH ANNUAL MEETING.

THE EIGHTY-NINTH ANNUAL MEETING of the shareholders of the Bank of Liverpool and Martins Limited was held at Liverpool on Tuesday, Mr. Edward Paul, the chairman, presiding over a numerous attendance.

In moving the adoption of the Report and the Accounts which had already been distributed among the proprietors, the Chairman reviewed the recent amalgamations with Messrs. Cocks, Biddulph and Company, the Palatine Bank, and the Halifax Commercial Banking Company, remarking that these had now been successfully accomplished, and closer acquaintance with the business of those Banks had confirmed the favourable opinion formed by the Directors of the Bank of Liverpool and Martins prior to the amalgamations.

The Chairman also remarked upon the long-hoped-for revival of trade which had now begun in earnest, great activity being shown in almost every branch of commerce. This activity was reflected in the figures of the balance sheet and report now submitted. There had been an increase of two millions in the amount at credit of customers' accounts, 12½ millions in the amount of the bank's acceptances, and eight millions in the amount of loans and advances to customers, apart from the increase in customers' liability for bank's acceptances. Naturally the profits of the Bank had benefited. The profit for the half-year was £325,000, of which amount £150,000 had been transferred to Investment Reserve Account, to help to provide for the heavy depreciation which had taken place in the value of the Bank's gilt-edged securities. About £172,000 was now to be distributed in dividend, and several thousand pounds had been added to the amount of balance carried forward to next account.

It was now proposed to equalise the half-yearly payments of dividend, and so long as the rate of dividend remained at the present figure of 16 per cent. per annum to pay an interim dividend of 8 per cent. in July and a final dividend of 8 per cent. in January, and if any increase occurred this would be made in the final dividend of the year, payable in January. The power to increase dividend depended upon several considerations, amongst them the necessity for providing for all possible contingencies and expenses, the amount required for depreciation of securities, the amount of profits themselves, and the general business conditions and outlook at the time. Provision for contingencies was a first charge upon profits, and would never be neglected by any prudent Board.

With regard to depreciation of investments he felt that when our national revenue covered national expenditure and there was no further occasion for Government control, they might begin to hope that the turn in the market for gilt-edged securities would come. As to the profits of the Bank, he was glad to say its earning power at the present time was good, and he saw no reason why it should not so continue. He desired, on behalf of the Directors, to record their appreciation of the work of the management and staff, upon whom, in consequence of the increase of ordinary business, as well as the work of the three amalgamations, a considerable additional burden had been thrown. This had been cheerfully borne, and the work of the Bank had been well done. In this connection he especially mentioned Mr. Jacobs, who had just retired from the position of Deputy General Manager.

Proceeding, the Chairman said: I turn now from our own immediate concerns to the consideration of the present economic position. The lassitude and uncertainty which followed the conclusion of the Armistice has been succeeded by an earnest endeavour on the part of the business men of this country, and indeed of Europe, to get back to normal conditions, but the process is a difficult one. In this country the first step was to get men demobilised and brought back to the activities of civil life, and I am glad to say that, speaking generally, the demobilised men have been absorbed into industry and commerce with a rapidity which at one time was not anticipated. A simultaneous step has been to import the raw materials and other goods necessary for the work of reproduction. Stocks of all kind have had to be replenished; works and machinery have had to be converted from war uses to their normal use in peace time; and the whole nation is now busy—though not, in every direction, as busy as it ought to be—in endeavouring to produce the commodities required by depleted domestic and foreign markets. During the year there has been a considerable increase in the quantity and an enormous increase in the value of raw materials and other commodities imported into this country. The raw materials are gradually being converted into finished articles, and of recent months there has been a marked increase in the export of manufactured goods. It is gratifying to see that the percentage of increase of our exports is rapidly growing, and will in all probability grow at a greater rate than any increase we are likely to see henceforth in the amount of imports into the country. This is as it should be. Our purchases from America and other countries—first for war purposes and latterly for the replenishing of our stocks of raw materials—have turned American Exchange and some other important Exchanges violently against us, and these can only be rectified by a great increase in our exports. Accordingly, from

the exchange point of view, the present foreign demand for cotton, woollen and other manufactured goods, is most welcome. The extent of this demand, however, contains elements of risk to which we have not hitherto been accustomed. To all appearance there seems no limit to the world's demand for commodities and no limit to the price which depleted markets will offer; hence the tendency is to accept orders at ever rising prices, covering these by purchases of raw material at prices which have never been contemplated in any epoch of our commercial history. With such prices there is abundant scope for a fall in values, and if any great market were to receive an unexpected check, there might be an immediate fall in that market and possibly a sympathetic fall in other directions. I confess that I cannot see any sign at present of trouble of this kind occurring, but I do think that the circumstances of the time demand that business men should rather take in sail than crowd the canvas; in other words, that they would be well advised not to stretch their financial commitments too far.

When we turn to the other European countries who have been engaged in the war, we find in many directions a courageous effort to revive trade and industry, but the problem in most of those countries is of a different order to our own, inasmuch as they have not yet been able to command anything like the credit required to re-stock themselves with the materials necessary for the work of reconstruction and reproduction. They might naturally look to us for assistance, but the credit of Great Britain was extended to its Allies during the war to such a degree that she is compelled, for the time being, to forego her usual position of Banker to the rest of the world, and she cannot extend to the struggling countries of Europe the credits they now require. The only country which can do this on a large scale is the United States, and while they are perfectly prepared to grant ordinary commercial credits on proper security, they do not seem prepared, at present, at any rate, to grant any large amount of exceptional credits stretching over long periods. Mr. Hoover has plainly told Europe that it has to get back to work; and this is admirable advice, but I am bound to say that, with every will to work, there are many directions in which work cannot even begin without initial help in the form of raw materials supplied under long credits. It follows that the problem in front of many European countries is grave indeed, and I welcome the appeal which was recently made to the Allied Governments by leading financial authorities on both sides of the Atlantic that an early conference of all the Powers should be called to study the problem and devise means for its solution.

There are, however, other and brighter features on which one would like to have dwelt had there been time. Probably the chief of these is the fact that earnest men in every country of the world are endeavouring to find solutions for the difficulties of the present time; also, that there is in many directions a new spirit of enterprise and a readiness to adopt new and improved methods. There is also the fact that lands which have remained untilled during the war, through want of labour, will now be tilled again; that lost ships are being replaced; that devastated areas are being restored, factories re-built, machinery reconstructed, and that in a thousand ways the activities of individuals are tending to restore the economic structure of the countries which suffered by the war. Accordingly, I hope, and you will all share the hope, that when we next meet we shall find that some at least of the most acute problems have been solved, and that great and real progress has been made in the restoration of the broken life of Europe.

In conclusion, I congratulate you on the position of the Bank, as disclosed in the report we present to-day, and I hope that when we meet you in twelve months' time, we shall be able to submit an equally satisfactory statement. (Applause.)

Mr. Isaac H. Storey, one of the deputy chairmen, having seconded the motion, the report and balance sheet were duly approved.

Sir Aubrey Brocklebank, Bart. Mr. Edward Paul, Mr. W. Peart Robinson, and Mr. Isaac H. Storey, retiring directors, were re-elected, and the appointments of Mr. Walter Lees (Palatine Bank) and Mr. T. Henry Morris (Halifax Commercial Bank) were confirmed.

Sir James Hope Simpson, General Manager, replying to a vote of thanks to Directors and Management, said problems connected with banking had been more acute and more difficult since the Armistice than they were during the War, and the last twelve months had not been an easy period. In their own case they had also had additional work thrown upon them by the amalgamations, which had been carried through. He would, as General Manager, like to bear testimony to the way in which everyone connected with the Bank had worked both in its general business and the amalgamations, and also to express appreciation of the loyal help and goodwill rendered by the amalgamated managements and staffs. In each case the step taken in these recent moves would be to the ultimate benefit of the shareholders.

Mr. T. Henry Morris, moving a vote of thanks to the Chairman, said it was vital not only to banks but to business generally, that Government control of trade should be abandoned. In the West Riding of Yorkshire they were groaning under a state of things almost intolerable, and he was quite sure the development of trade and commerce such as everyone was hoping for, would depend very largely upon how far business people were allowed to return to the old system of managing their own affairs. They ought to take such steps as would within the present year rid them from interference.

Mr. Walter Lees seconded, and the motion was carried.

The Chairman responded, and the meeting closed.

LONDON JOINT CITY & MIDLAND BANK, Ltd.

ESTABLISHED 1836.

Authorised Capital £45,200,000 0 0 Paid-up Capital - £8,417,335 0 0
 Subscribed Capital £35,673,585 10 0 Reserve Fund - £8,417,335 0 0

DIRECTORS.

The Right Hon. REGINALD McKENNA, *Chairman.*WILLIAM GRAHAM BRADSHAW, Esq., London, ALEXANDER H. GOSCHEN, Esq., London, *Deputy Chairmen.*

The Right Hon. LORD AIREDALE, Leeds.
 Sir PERCY ELLY BATES, Bart., Liverpool.
 ROBERT CLOVER BEAZLEY, Esq., Liverpool.
 WILLIAM BENNETT, Esq., London.
 WILLIAM T. BRAND, Esq., London.
 WALTER S. M. BURNS, Esq., London.
 The Right Hon. LORD CARNOCK, G.C.B., London.
 STANLEY CHRISTOPHERSON, Esq., Ldn.
 DAVID DAVIES, Esq., M.P., Llandinam.
 The Right Hon. THE EARL OF DENBIGH, C.V.O., London.

FRANK DUDLEY DOCKER, Esq., C.B., Birmingham.
 FREDERICK HYNDE FOX, Esq., Liverpool.
 H. SIMPSON GEE, Esq., Leicester.
 JOHN GLASBROOK, Esq., Swansea.
 CHARLES GOW, Esq., London.
 Sir HARRY CASSIE HOLDEN, Bt., London.
 Lt.-Col. CHARLES E. JOHNSTON, D.S.O., M.C., London.
 CHARLES THOMAS MILBURN, Esq., London.
 FREDERICK WILLIAM NASH, Esq., Birmingham.

The Rt. Hon. LORD PIRRIE, K.P., London.
 EMMANUEL MICHEL RODOCANACHI, Esq., London.
 Sir THOMAS ROYDEN, Bart., C.H., M.P., Liverpool.
 Sir EDWARD D. STERN, D.L., London.
 EDMUND R. TURTON, Esq., M.P., Thirsk.
 LEWIS H. WALTERS, Esq., London.
 The Right Hon. Sir GUY FLEETWOOD WILSON, K.C.B., K.C.M.G., G.C.I.E., Ldn.
 WILLIAM FITZTHOMAS WYLEY, Esq., Coventry.
 Sir DAVID YULE, London.

SAMUEL B. MURRAY, Esq.

FREDERICK HYDE, Esq.

JOHN F. DARLING, Esq., C.B.E.

} *Joint Managing Directors.*

HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E.C.2.

Joint General Managers: E. W. WOOLLEY, R. RICHARDS, H. MARE, J. G. BUCHANAN.

BALANCE SHEET, 31st December, 1919.

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Capital Paid up, viz.:-					Cash in hand (including Gold Coin £8,000,000)				
2,869,079 Shares of £12 each, £2 10s. 0d. paid		7,172,697	10	0	and Cash at Bank of England	60,216,796	0	11	
497,855 Fully-paid Shares of £2 10s. 0d. each		1,244,637	10	0	Cheques on other Banks <i>in transitu</i>	8,050,607	8	4	
					Money at Call and at Short Notice	18,439,151	14	4	
					Investments:-				
					War Loans, under cost (of which £428,067 10s. is lodged for Public and other Accounts) and other British Government Securities	64,216,943	4	3	
Reserve Fund		8,417,335	0	0	Stocks Guaranteed by the British Government and Indian Railway Debentures	405,383	7	9	
Dividend payable on 2nd February, 1920		530,292	2	1	British Railway Debenture and Preference Stocks, British Corporation Stocks	942,274	9	9	
Balance of Profit and Loss Account, as below		726,852	6	2	Colonial and Foreign Government Stocks and Bonds	1,011,600	5	2	
		18,091,814	8	3	Sundry Investments	727,227	1	2	
Current, Deposit and other Accounts		371,742,389	0	1	Bills of Exchange	52,889,521	6	11	
Acceptances on account of Customers		29,014,568	4	5		206,899,504	18	7	
					Advances on Current and other Accounts	162,966,744	16	0	
					Advances on War Loans	15,589,303	5	2	
					Liabilities of Customers for Acceptances	29,014,568	4	5	
					Bank Premises at Head Office and Branches	3,618,960	8	7	
					Belfast Bank Shares:-				
					50,000 £12 10s. 0d. Old Shares				
					£2 10s. 0d. paid				
					150,000 £12 10s. 0d. New Shares				
					£2 10s. 0d. paid				
					Cost	£1,237,500	0	0	
					Less part Premium on Shares issued	477,810	0	0	
						759,690	0	0	
						£418,848,771	12	9	

Dr.

PROFIT AND LOSS ACCOUNT for the year ending 31st December, 1919

Cr.

	£	s.	d.		£	s.	d.
To Interim Dividend at the rate of 18 per cent. per annum, less Income Tax, paid 15th July, 1919	522,211	11	4	By Balance from last Account	675,097	14	7
„ Dividend at the rate of 18 per cent. per annum, less Income Tax, payable on 2nd February, 1920	530,292	2	1	„ Net profits for the year ending 31st December, 1919, after providing for all Bad and Doubtful Debts	3,079,460	19	8
„ Salaries and Bonus to Staff with H.M. Forces and Bonus to other Members of the staff	475,202	14	8				
„ Special "Peace" Bonus to Staff	250,000	0	0				
„ Reserve for Depreciation of War Loans and Future Contingencies	1,000,000	0	0				
„ Bank Premises Redemption Fund	250,000	0	0				
„ Balance carried forward to next account	726,852	6	2				
	£3,754,558	14	3		£3,754,558	14	3

R. McKENNA, *Chairman.*

W. G. BRADSHAW,
 A. H. GOSCHEN,
 F. W. NASH, *Director.*

} *Deputy Chairmen.*

S. B. MURRAY,
 F. HYDE,
 J. F. DARLING, } *Joint Managing Directors.*

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE LONDON JOINT CITY & MIDLAND BANK LTD.

In accordance with the provisions of Sub-section 2 of Section 113 of the Companies Consolidation Act, 1908, we report as follows:-We have examined the above Balance Sheet in detail with the Books at Head Office and with the certified Returns from the Branches. We have satisfied ourselves as to the correctness of the Cash Balances, Cheques on other Banks *in transitu*, and the Bills of Exchange, and have verified the correctness of the Money at Call and Short Notice. We have also verified the Securities representing the Investments of the Bank, and having obtained all the information and explanations we have required, we are of opinion that such Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.

WHINNEY, SMITH & WHINNEY, CHARTERED ACCOUNTANTS,
Auditors.

London, 13th January, 1920.

THE BANK IS THE PROPRIETOR OF THE BELFAST BANKING COMPANY, LIMITED.

PREMIER OIL

THE STATUTORY MEETING of the Premier Oil Company, Ltd., was held on the 27th inst., at Winchester House, Old Broad Street, E.C., Mr. Frederick Walker (chairman of the Company) presiding.

The Secretary (Mr. R. S. Williams) read the notice convening the meeting and the auditors' certificate.

The Chairman: Ladies and gentlemen,—This is the first or statutory meeting of the new company, which takes the place of the old Premier Oil and Pipe Line Company, Ltd. It is called for the purpose of complying with a statutory obligation, and not for the purpose of submitting any resolution to the meeting or performing any of the functions usually associated with the ordinary general meetings of companies. Probably the majority of you were shareholders in the old company and will remember the reasons which I placed before a meeting of that company held in this hall on the 4th July last, showing why it was necessary to resort to reconstruction and justifying to the best of my ability the particular scheme of reconstruction, which was unanimously adopted at that largely attended meeting. I will not, then, traverse the ground gone over at great length at that meeting, but if there are any new shareholders present who are not familiar with the past history of the company and who want additional information beyond that afforded in my present remarks, I shall be pleased to answer to the best of my ability, any questions they address to me. Those who were present at the meeting last July will remember that I dilated at no little length on the difficulties which confronted your Board from the results of the war and from the ingenious, unscrupulous and pertinacious efforts of the Germans and their Austrian henchmen for many years before the war to capture the company for their own ends, and that our first great efforts must be applied to the task of getting our properties back into our own hands. Gentlemen, subsequent experience has satisfied me that I did not exaggerate the difficulties with which we were faced, and, on the other hand, I do not think my colleagues and myself have any reason to be ashamed of the resolute efforts we have made to grapple with them. (Hear, hear.)

You will recollect that, in pursuance of their policy of peaceful penetration, the Germans got the physical possession of the company's properties largely into the hands of the subsidiary companies or individual representatives, who were entirely under their control and subject to their manipulation. In the next place, they succeeded in getting the company into their debt for moneys advanced, which largely went back to them in the shape of Preference dividends; then, when the war broke out and the company could do nothing in enemy territory, they impudently brought actions against the company in Austrian Courts, serving the process on their own nominees, who, of course, did not defend the proceedings, and then, under cover of these collusive actions, proceeded to sell our properties to organisations which we insist are merely themselves under other names. What makes it the more difficult for your directors to unmask and destroy this network of collusion and fraud, bolstered up by judicial proceedings, is the fact that the company's books, records and other evidences of title are mostly in Vienna, and during the war were, of course, in the hands of our enemies. I should weary you if I attempted to recapitulate all that we have done and attempted to do, and are still doing and striving to do, to foil the manipulations—the ingenious, audacious and unscrupulous manipulations—of our foes, but probably you will expect me to give you some idea as to whether, with all our exertions, we have as yet achieved any success. (Hear, hear.) Shareholders will ask me to give a definite and specific answer to the question, "Have you got our properties out of the hands of the Germans into our own physical possession?" Gentlemen, I regret to say that the answer to that specific question is "No, we have not." At the same time I am able to state that we have done something. We have got the properties out of the hands of the Germans. (Hear, hear.) They are now in the possession of three sequestrors, who are officials appointed by the Polish Government—officials who, we have reason to believe, are of the highest uprightness and integrity.

That is the first step, and a most important step it is. I regard it as a most important success, and one for which we owe a debt of gratitude to our managing director, Mr. Charles Perkins. (Hear, hear.) I have also the satisfaction of being able to assure you that, in my judgment, it is a success regarded with the greatest possible dissatisfaction—not to say consternation—by our German and Austrian antagonists. The tremendous effort put forward by them—and by their Allies of all sorts, kinds and conditions—

to prevent our achieving that success, their efforts to obstruct, delay and prejudice every step we took to obtain that success, and the frantic efforts they have unsuccessfully made to get those decrees rescinded satisfy your directors that this is regarded as a big step towards success not only by us, but also by them! Now, why should they feel like this? Why should they act like this? If their cause was just, if the orders of Court which they got during the war were not fraudulent and collusive, but honest and sound, why should they make frantic exertions and resort to every kind of misrepresentation to prevent the properties being put into the custody of honest officials, appointed by the Polish Government, pending proof of the honesty of their claims and the justice of their rights? Why should they not welcome an opportunity of proving their just rights before an honest, independent and neutral tribunal? Echo answers Why! If, on the contrary, they know that their claims are unsound, if they know that their case will not stand the test of honest investigation, if they know that their title is bad, unjust and fraudulent, then I quite understand their dissatisfaction and even consternation.

Another interesting sidelight on the position is afforded by another circumstance. At a meeting over which I presided on the 16th August last a Mr. Lawry asked what action would be taken with regard to alien shareholders. I replied that the shares in the company belonging to alien enemies—and I presumed that was the point referred to—were vested with the Official Trustee, and under order of the Court notice of this meeting had to be given to the Official Trustee. The Official Trustee, holding a large number of shares, was, of course, in the position, if he thought proper, to obstruct the carrying through of the scheme which had been submitted to the shareholders, but he had not done so. The shares of alien enemies were still held by the Official Trustee, and the course which the Official Trustee would adopt with regard to those shares the directors had no power to dictate.

Now what happened after that? The Public or Official Trustee said that large block of shares to an English Company, which naturally (as the holders of that big block of shares) asked for adequate representation on the Board of this company, and two of its directors are, therefore, my colleagues on this Board. Now before this sale took place the most resolute efforts were made to induce the Public Trustee to sell this block of shares to a Continental group, but the Public Trustee refused. He has not told me why he refused, but I think I can guess.

Now, this group, being unable to do business with the Public Trustee, has since made—perhaps I may say is still making—further most strenuous efforts to buy that big block of shares from those who acquired it from the Public Trustee. Now, if our title is bad; if these properties were confiscated during the war by honest decrees of an honest tribunal; if there was no collusion or fraud; if they were honestly and legally sold to independent customers; if, in fact, your properties are gone and your shares valueless, why on earth does this group show such anxiety to expend a large sum in buying this block of valueless shares? (Hear, hear.) It would give a big voting power, I admit, but what is the good of a big voting power if the company's properties have been honestly and legally sold? I am a simple old man, and this problem puzzles me. (Laughter.)

The above-mentioned mysterious manoeuvres are only samples of the numerous subterranean efforts which seem to be resorted to by Continental groups, individuals, banks or companies with the apparent object of persuading your directors of the advisability of coming to terms with the Germans and their friends, and I wish to say right here that if any of those gentlemen want to come to terms with this company their proper course is to abandon all subterfuge and intrigue, to come straight out into the open, put their cards on the table, and say definitely what they think they are honestly entitled to and what proposals they make.

Those of you who were present at the first meeting of the old company over which I had the honour of presiding will remember that I then stated emphatically that we had no desire whatever to escape payment of any just debts due from the company, and were prepared to satisfy all honest claims on the company. I repeat that to-day. It is true that I am advised that if on one side of the account is put down the whole of the money lent to the old company by the Germans, and on the other side of the account the value of the petrol and other products taken from your properties by the same individuals during the war, the balance will not be against us, but very largely in our favour. This, however, is a matter that can be tested, and, assuming that the Germans are prepared to produce all their books of account, and satisfy an honest independent tribunal that something is due to them, my own personal feeling is that their claim would be entertained not only justly, but even generously, as I am, and always have been, one of those men who believe that a fair compromise is often better than a protracted controversy. (Hear, hear.)

Those who know nothing of me beyond what they see in public sometimes are under the impression that I am essentially a fighting man. In this very hall I have been compared to Rudyard Kipling's "Fuzzy-wuzzv," who was described as "a fust-class

fighting man." (Laughter.) I have heard it alleged that "Walker" is the English translation for the Japanese name "Togo." I have been designated a "stormy petrel"—(renewed laughter)—but those who have been intimately associated with me on many a stricken field know perfectly well that almost all my big fights have ended in a compromise, not unfair and not wholly unfriendly even to the losing side. (Hear, hear.) Speaking then wholly and solely for myself, and without any responsibility on the part of my colleagues, I do not hesitate to say that if the Germans are prepared to abandon all attempts at intrigue, collusion, and fraud, to recognise frankly what they want and what we can do for them without prejudicing our shareholders' interests, they will probably find us a very easy and certainly a very straightforward body of men to deal with.

Before sitting down, I ought perhaps to make a few remarks on the accounts placed before you, which disclose the gratifying fact that, at an expense which, I am sure, you will not regard as excessive, this large and complicated reconstruction has been successfully carried through, and that the new company is provided with a substantial—though not excessive—sum with which to "speak with your enemies in the gate," and make outsiders understand that Englishmen are not prepared to submit tamely to be robbed of their rights. (Applause.) There is still a minor question of some little difficulty in regard to adjusting the rights of our underwriters under some rather complicated agreements, and it may be necessary to ask the sanction of the Court which sanctioned the scheme, to a reasonable arrangement for adjusting this little difficulty, but I think I can assure the shareholders in the new company that this little matter—should they see a report of it in the newspapers—is not one that will in any appreciable way affect the value of their interest.

Finally, ladies and gentlemen, let me thank you all for your generous and whole-hearted support of my colleagues and myself, and let me here publicly thank them for their kindness and courtesy to me personally and their most kind and generous appreciation of all my efforts on behalf of the shareholders. I ought to add that in regard to the application for the quotation of our shares in the Official List formal meetings of the shareholders will have to be called to carry out some slight verbal alterations in the articles to satisfy the requirements of the Stock Exchange.

There was no resolution before the meeting and, the Chairman having answered a few questions, the proceedings terminated with a vote of thanks to the Chairman and directors.

CULLODEN CONSOLIDATED.

INCREASE OF CAPITAL SANCTIONED.

The fifth annual general meeting of the Culloden Consolidated Company, Ltd., was held on the 26th inst. at Winchester House, Old Broad Street, E.C., Mr. A. A. Baumann, Chairman of the company, presiding.

The Manager and Secretary (Mr. F. C. Rycroft) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen,—The shareholders who are not pleased with the report and accounts which we are submitting to them to-day must, I think, be very difficult to satisfy. (Hear, hear.) The profit realised from sales of stocks and shares has been carried to the credit of the profit and loss account this year instead of direct to reserve as in preceding years, and we propose adopting this method in the future. As you know, we are a financial company and not a trust company in the strict sense of the term, and therefore before carrying the profits realised by sales to the profit and loss account, we must satisfy ourselves that our capital is intact. Take, first, the profit and loss account, the dividends received on investments amount to £31,328, against £20,752 last year, but the tax deducted is £9,229, against £5,244. The net result is £22,099, as compared with £15,508 in 1918, or a net increase of £6,591 in dividends received. The profit realised from sales of securities is £30,394, compared with £21,625—an increase of £8,769. General charges are somewhat higher, due to the expenses of issuing further capital in June, and the other items in the profit and loss account are, I think, so clear that they do not require any further words of explanation. The balance available, including the carry-forward from last year, is £51,104. We have already paid an interim dividend of 5 per cent., free of income-tax, which absorbed £7,535. At the time we paid the interim dividend the capital of the company was only £150,702. There has been transferred to reserve £22,374, making that account the round figure of £100,000, so that there is a sum of £21,194 to be dealt with to-day. We propose, subject to your agreeing, to pay a final dividend of 10 per cent., free of income-tax, which will absorb £20,000, and leave £1,194 to be carried forward. The total distribution for the year will then be 15 per cent., free of income-tax, which is equivalent to about 21½ per cent. less tax at 6s. in the pound.

Now, turning to the capital account, you will see a very satisfactory state of affairs. The reserve account of £100,000 is equal to 50 per cent. of the present issued capital of £200,000. I may mention that the average issued capital during the year

was £175,000. The investments on 31st December last, when the accounts were made up, show an appreciation of £264,000 compared with their book cost, and the position of the company is therefore in respect of capital very strong. This appreciation is, of course, a paper appreciation, and fluctuates with the markets. I have generally mentioned to you what is called the break-up value of our shares; and the break-up value is £2 18s. 6d. cum dividend. That was the break-up value on 31st December. The break-up value is a figure to which you must attach as much importance as you think proper. I do not suppose any of us, either as a company or as individuals, would care very much to be "broken up" at the present time.

With regard to our investments in rubber and tea plantation companies, over half the sum is in companies in Ceylon—mainly in Grand Central, Rosehaugh and Caledonian (Ceylon) Tea and Rubber Companies. The Rosehaugh and Caledonian companies are in our own office and under our own management, and we believe that their prospects are very good. The Grand Central, as you know, is one of the leading companies in Ceylon. We have large interests in the United Sumatra and Sumatra Consolidated; and in the Federated Malay States our chief holdings are in Kapar Para, Ulu Rantau, F.M.S. Rubber Planters and Broome Selangor. The other investments are tabulated in the report. There is on the agenda a motion which I am shortly going to move, after the report and accounts are adopted, for the doubling of the capital from £200,000 to £400,000. Well, we have done, as I think you will admit, very well for you in the past year, or we should not be asking you for more money to invest. We hope we shall be able to do equally well for you in the coming year. Certainly, I think our revenue from our tea and rubber companies must improve.

With respect to the other investments that we hold or that we may make, their value will, of course, depend upon the general financial position of the world, and if the general financial position is to be improved, there are, I think, three things which must happen, either automatically or by the action of those who govern the world. The first is the improvement of the American exchange—the exchange between Great Britain and the United States; the second is the rehabilitation of the European exchanges; and the third is the cessation of the orgy of extravagance both on the part of the Government and on the part of individuals in this country. With respect to the American exchange, the price of commodities is rising, and it is believed by competent experts that it will rise more. The purchasing power of the dollar is therefore falling. That by itself ought to diminish the volume of American exports to this country, and so improve the exchange between Great Britain and America. With respect to the Continental or European exchanges, it is not so much a question of rehabilitating them as of re-creating them, for they have ceased to exist, and in order that the Continental currencies and exchanges may be put right again, it will be necessary, in my judgment, to float an international loan in the first place, and in the second place it will be necessary to modify the indemnities in the Versailles Treaty. Those indemnities are perfectly impossible of execution, and the sooner that fact is recognised the better for all parties.

With respect to domestic extravagance, I regard the case of the Government as perfectly hopeless. They have embarked on an orgy of expenditure in all directions which nothing we can do or say will stop. With regard to the personal extravagance of individuals, well, words are so multiplied nowadays that they have almost ceased to have any effect, but I think we might by writing and by speaking create some sort of public opinion against the reckless extravagance of the war profiteers. I will give you an example of it which has just come to my notice as showing the spirit of the day. We are exporting coal to France; that coal is withdrawn from domestic consumption—it is withdrawn from factories and from our coal scuttles; and what do you think we are taking from France in payment for that coal? Champagne! We export coal to France and import in payment shiploads of champagne. Some people say it is the only way in which France could pay, but that is not so. We might have taken French Bills, which we might have sent to Rumania to pay for wheat which we might have imported from Rumania. Champagne for coal—that is the spirit of the day! I now propose that the report and accounts be adopted.

Mr. J. Douglas Fletcher seconded the motion, which was carried unanimously.

The retiring director and auditors having been re-elected,

The Chairman proposed: "That the capital of the company be increased to £400,000 by the creation of 200,000 new shares of £1 each."

Mr. A. E. B. Ind seconded the motion.

The Chairman, in reply to a question, stated that the proposal was merely to create shares and not to issue at the moment. The shares when ultimately issued would be offered in the first instance to the shareholders and at a figure appreciably below the then market price.

The motion was carried unanimously. A cordial vote of thanks to the Chairman, the directors and the staff concluded the proceedings.

LONDON JOINT CITY AND MIDLAND BANK LIMITED.

THE GENERAL MEETING of the London Joint City and Midland Bank, Limited, was held at the Cannon Street Hotel, London, E.C., on January 29th.

The Right Hon. R. McKenna, the Chairman, presided. In opening his speech the Chairman expressed the personal loss they had all sustained by the death of their late Chairman, and dwelt at length upon Sir Edward Holden's great qualities and the invaluable service rendered by him to their bank.

He was sure it would be in accordance with the shareholders' wish that they should interrupt their proceedings, and before passing to the business of the day, should express their feelings in a formal resolution. He therefore moved:—

"That this meeting desires to record their profound sense of personal and public loss in the death of Sir Edward Holden, and to convey to his sons, Sir Harry Cassie Holden and Major Norman E. Holden, and to the other members of his family, this expression of their deep sympathy."

The resolution was carried by the meeting standing in their places.

The Chairman then proceeded:—

I am going to ask you to consider with me to-day a problem which has been much discussed in the Press and in Parliament. Nothing gives so much concern to the public at the present time as the great rise in prices. Masses of people find almost insuperable difficulty in bringing their expenditure within the limits of their income, and they clamour for a remedy. So far as I have seen, the most popular proposal for reducing prices is to fix a limit to the currency note issue. But is this issue really the cause of high prices? May it not be that the great increase in currency notes is itself only an effect of another cause, a mere link in the chain which ends in high prices?

In the first place, let us look at the estimated figures of currency, Bank deposits, and prices of commodities, as they stand to-day compared with 1914. The total amount of currency in circulation held by the public in 1914, i.e., gold, silver, copper coin, and Bank notes, was £128,000,000. To-day the corresponding figure is estimated at £393,000,000, an increase of £265,000,000, or 207 per cent. The estimated amount of currency held by the Banks in 1914 was £75,000,000 and in 1919 £191,000,000, an increase of £116,000,000, or 154 per cent. Before the war, the total deposits of the Banks of the United Kingdom (other than the Bank of England), including under the name deposits money held on current account as well as on deposit account, amounted to £1,070,000,000. The corresponding figure last month was about £2,300,000,000, an increase of £1,230,000,000, or 115 per cent.

The actual spending power of the public is gauged by the total amount of currency in circulation added to the total amount of Bank deposits. In 1914 the public spending power was £1,198,000,000; to-day it is £2,693,000,000, an increase of £1,495,000,000, or 125 per cent.

I turn now to a comparison of the prices of commodities of everyday use or consumption in 1914 and at the present time. If we take 100 to represent the cost of living in 1914, the corresponding figure to-day would be about 225, or an increase of 125 per cent. The spending power of the public and the cost of living show the same percentage increase of 125.

BANK DEPOSITS.

Bank deposits, the Chairman said, are derived from two sources and from two sources only. The first and most obvious source is by payments of currency into a Bank. Anyone who takes notes out of his note-case and pays them into his Bank creates a deposit. The second source from which deposits are derived could not be described with equal simplicity, but after a detailed analysis the Chairman concluded that only Bank loans or advances need be taken into account.

Let us look now at the increase of Bank deposits since 1914 and see to what extent this increase is due respectively to payments in of additional currency and to Bank loans. In June, 1914, the Banks held £75,000,000 of currency. Last month this figure stood at £191,000,000. The Banks, therefore, held more currency to the amount of £116,000,000, and to this extent the

increase in the aggregate of Bank deposits is accounted for by payments in of currency. But it is estimated that since June, 1914, Bank deposits have risen by £1,230,000,000. If £116,000,000 of this amount are accounted for by payments of currency into the Banks, there remains £1,114,000,000 which, if the previous analysis be accepted as correct, we must attribute to Bank loans.

We have seen that during the last six years Bank deposits have increased by £1,230,000,000. Of this amount we find that payments of additional currency into the Banks account for £116,000,000. We have seen that any other cause of an increase in deposits except Bank loans is not large, and we have concluded that Bank loans have been responsible for an increase of £1,100,000,000 in Bank deposits. We have seen further that if these loans had been made to manufacturers and traders in the ordinary course of their business the increase in deposits, and consequently in purchasing power, would not of itself have caused a permanent rise in prices as the additional deposits would have been followed by an additional supply of commodities. To whom then have these loans been made? It is impossible to give precise figures, but the best estimate I can form is that of the total of £1,100,000,000, £800,000,000, including Treasury Bills, have been lent to the State, and £300,000,000 to trade. The Government, under the overwhelming necessity of war effort, has been the great borrower from the Banks. The loans to the State have led to an immense increase of deposits, and as they have remained outstanding long after the commodities they were raised to pay for have been consumed, they have been an inevitable cause of a rise in prices.

GOVERNMENT BORROWING.

The Chairman next analysed the three forms of Government borrowing—from the public, from the Banks, and from the Bank of England. He showed that the first leads to an increase of deposits or purchasing power, and that the second leads to an increase of deposits exactly equal to the amount borrowed, but does not increase the amount of Bank cash (including balance held at the Bank of England). He continued:

The third case of Government borrowing which we have to consider is that of borrowing direct from the Bank of England. In that case a credit is given by the Bank of England to the Government, who draw upon it and pay out the amount to contractors. In due course the contractors pay the money they have received into their accounts with their own Banks, and deposits are thereby increased. The Banks now hold more money, which in their turn they pay into their accounts at the Bank of England, and so increase their cash balance. There was no previous withdrawal in this case from Bank balances at the Bank of England and there is consequently an increase in these balances exactly equal to the amount of the Bank of England's loan to the Government. Here we see both an increase in customers' deposits and an increase in the balances of the Banks at the Bank of England. These balances are the basis upon which the Banks found their advances, and an increase in them will necessarily be followed by additional advances whether to their customers or to the Government with a consequent further increase in deposits. We conclude from this analysis therefore that loans by the Bank of England to the Government have a much greater effect in raising prices than any other form of Government loan, as they not only immediately raise the total of Bank deposits and consequently of spending power by the public, but they also increase the power of the Banks to make further advances which in due course lead to still more deposits and still greater purchasing power.

Now that we have examined the different methods of Government borrowing and have considered the effect of each in increasing Bank deposits, it remains for us to look at the course of events as they have actually occurred since 1914 in forcing a rise in prices. At the outbreak of war, throughout its course, and right down to the present moment, the Government have been large buyers of commodities, greatly in excess of their normal demands. The first consequence of the immense Government purchases was to stimulate production. Machinery was used to its full capacity; the number of people employed was greatly increased; women took the place of men, and there was a very considerable addition to the total national output. But enlarge the output as we would, it could not keep pace with the nation's requirements. Demand outstripped supply, and, just as it happens when a period of comparative trade depression is succeeded by a trade boom, there was a natural rise in prices. At once more currency was needed, partly to pay the wages of the larger number of workpeople employed, partly because with higher prices shopkeepers keep more money in their tills. To the extent that more currency was issued the spending power of the community was increased. But up to this point the increase was not great. A new condition had to be introduced before any considerable rise

could take place. There must be not merely an increase in currency, the total of which in any case only represents a small part of the public spending power; but, far more important, there must be a serious addition to Bank deposits. It was not long before this new condition arose. To meet the daily growing expenditure the Government had to borrow freely from the public, from the Banks, and from the Bank of England. It is unnecessary to recapitulate the effects of this borrowing. Bank deposits increased enormously. There was no proportionate increase in the supply of goods, and the usual consequences followed. Prices began to rise rapidly. The rise in prices was next followed by general demands for increased wages. As these now rose the cost of production rose too, and another turn was given to the screw on which prices were steadily mounting. But higher wages and higher prices mean a greater demand for currency. The weekly wages have got to be paid in legal tender money. In the course of the week the bulk of the money paid out in wages comes back through the shops to the Banks, and is paid out by them again to meet the next week's requirements. But as prices and wages rise, not all of it comes back, and each week a larger amount is retained in the pockets of the people, in the tills of shopkeepers, and in the tills and reserves of the Banks.

CURRENCY.

We may stop here to ask, is there any stage in this process at which it would have been proper to limit the issue of currency? The main demand for currency is to meet the weekly wages bill. If wages increase, whether because more workpeople are employed, or because rates are higher, additional currency must be brought each week into circulation. If the supply were cut off, a substitute would have to be found. At the outbreak of war there was not enough legal tender to satisfy our additional requirements, and at once postal orders and even postage stamps were used to make good the deficiency. If men and women are to be employed and paid, means of paying them must be found, and an arbitrary limitation of currency would merely inflict intolerable inconvenience upon the public.

Although, as I venture to think, the increase in currency is not the cause of high prices, yet I believe the public have shown a right instinct in fastening upon this increase as a matter for anxiety and even alarm. Though not the rain-storm itself, it is the gauge which measures the rainfall. The figures are easily apprehended, and the weekly records can be readily followed. Those who study them with care see that every advance by the Bank of England to the Government is followed by a fresh issue of currency notes. Once the nation can free itself from the need of these advances, the rise in prices, so far as it is due to an increased demand, will cease, and the currency in circulation will no longer expand. When the advances are paid off prices will tend to go down, and the currency in circulation will diminish.

THE FUTURE.

When we look to the future we naturally ask, shall we ever get back to pre-war prices and pre-war currency and Bank deposits? If I might hazard an opinion, it would be that prices will remain permanently on a far higher level than in 1914. The rise that has taken place is not local. It is not even European and American. It covers the whole world. The cost of living in Japan has risen quite as much as in this country. In India and China, where human wants are much less than with us and where custom plays a far stronger part in fixing prices, even there the cost of living is much above the pre-war standard. Increased production will bring down prices to a certain extent, but the purchasing power of the world measured in money cannot be materially diminished. Deflation is bound to be very slow. Any attempt, indeed, to bring it about rapidly would cause widespread ruin among manufacturers and traders. The greatest caution will be necessary in handling our financial machinery and many of our pre-war ideas must be modified in view of the fundamental change in our conditions.

The only condition on which we shall be able to check the rise in prices is that our annual expenditure is brought within the compass of our revenue. In State as in domestic finance we must learn to make both ends meet, and the case is not in the least bettered if we only balance our accounts by selling out capital stock and placing the proceeds to the credit of our revenue account. The expenditure of the Government is tantamount to the consumption of the quantity of commodities which the money would buy, and this must not exceed the amount of commodities the consumption of which the community are compelled to deny themselves by reason of the taxes they have to pay. If it does, we run the risk, as is indeed now the fact, that our consumption may exceed our production. This is not a plea for additional taxation. Far from it. Our existing taxation, which is, I believe, higher than in any other country in the world, is already dangerously near the point at which thrift, business enterprise, and needful capital development become seriously impaired. But it is a plea for economy in expenditure. It is a plea for such ruthless cutting down or postponement of all financial outlay by the State as will reduce our expenditure to a figure less than our tax revenue, for by this method alone can we hope to restrict the issue of currency, check the rise in prices, restore our foreign exchange, and re-establish London in her old position as the financial centre and free gold market of the world.

The Report was adopted and the proceedings terminated with a vote of thanks to the Chairman.

OMNIUM INVESTMENT

BETTER DIVIDEND AND CARRY FORWARD.

THE THIRTY-THIRD ORDINARY GENERAL MEETING of the Omnium Investment Company, Ltd., was held on the 28th inst., at Winchester House, Old Broad Street, E.C., Mr. A. D. Maclaren presiding.

The Secretary (Mr. P. A. Cooper) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen,—I am occupying the chair in the absence of Lord St. Davids, who, I regret to say, is slightly indisposed and is unable to come to the City to-day. My remarks on the accounts before you need not detain you very long. We are recommending the payment to you of an additional 1 per cent. per annum on the Deferred stock, and you will notice that after doing this we shall be able to increase our carry-forward by the further substantial sum of over £7,900. The carry-forward will then stand at £38,661, which, as it has already paid tax, represents a very substantial reserve amounting to over 13 per cent. on the Deferred stock. The changes of investments during the year numbered 80—not quite so many as the previous year—but on these changes a larger net profit was made. After deducting the losses on realisation, which amounted to £3,937, we made a net profit on changes of investments of £22,281. In accordance with our custom this has been applied for the purpose of writing down the cost of certain investments. As in our previous year's report, we state in our present report that there is a depreciation on the book value of our investments, but you will be glad to hear that the valuation has improved somewhat, and the depreciation now represents about 6½ per cent. on the book value of the total number of investments, as against something over 8 per cent. last year. It is difficult to forecast what will be the trend of values during 1920. There is much appreciation going on in stocks, but high-class fixed interest-bearing securities go on decreasing in value. In regard to revenue we again have every hope that it will be at least maintained, and if this hope is realised it would enable us to recommend an improvement in the rate of dividend now paid on Deferred stock. I wish now to draw your attention to the passage in the report where mention is made of the retirement of Mr. Charles Lee Nichols. I will read that passage:—"The directors have to report that Mr. Charles Lee Nichols, one of the retiring auditors, has decided not to offer himself for re-election. Mr. Nichols has been concerned in the audit of the accounts of this company since its inception, and it is with great regret that the directors have to announce the termination of his association with them and the company." Having regard to the long and uninterrupted connection of Mr. Nichols with our company you will, I am sure, agree that it is only right and proper that I should, as I now do, give public expression to the regret which all of us, shareholders and directors alike, feel at the retirement of Mr. Nichols. (Hear, hear.)

I now beg to propose this resolution:—"That the directors' report and statement of accounts be received and adopted and that the dividends as proposed therein be declared and paid." I will ask Mr. Baumann to second that resolution, but before putting it to the meeting I shall be glad to answer any questions.

Mr. A. A. Baumann seconded the motion and it was carried unanimously.

The retiring directors, Mr. A. A. Baumann and the Hon. Sir Arthur Stanley, were re-elected, and Mr. Herbert Lee Nichols was appointed auditor of the company.

A hearty vote of thanks was unanimously accorded to Mr. Charles Lee Nichols for the long and valuable services rendered by him to the company, and Mr. Nichols having acknowledged the compliment a vote of thanks to the Chairman, directors and staff closed the meeting.

BRITISH GLASS INDUSTRIES, LIMITED.

AN EXTRAORDINARY GENERAL MEETING of the Company was held at Winchester House, E.C., on January 28th, 1920.

Mr. C. Williamson Milne, the Chairman, said: Ladies and Gentlemen,—This meeting has been called for the purpose of considering and if approved passing the resolution of which you have received notice. As you may have noticed, while I have become the Chairman of the Company we have elected Mr. Clarence C. Hatry, whose name will ever be associated with this great undertaking, to the position of President. To look after properly the varied interests of this great Combine now entails such an immense amount of work that it has become necessary to apportion it. For this reason we asked Mr. Hatry to accept the position of President of our Company, and he will occupy a similar position with United Glass Bottle Manufacturers, Limited, succeeding Mr. Dixon Nuttall in that position. He will in this capacity be able to exercise a controlling influence over the financial policy of the whole combination of our interests, while the ordinary duties of the Chairman will devolve upon me. I am sure that shareholders will approve of this appointment. When I last addressed you I told you how greatly we were indebted to the energy and ability of Mr. Hatry for the satisfactory position in which we then found ourselves. Well, as I shall be able to show you in the course of a few minutes, our position is now immeasurably improved both in regard to immediate revenue and ultimate prospects, and for that it is impossible to over-estimate our indebtedness to Mr. Hatry for his devotion to our interests. I know that the work itself—or rather the result of the work—has been sufficient recompense to Mr. Hatry for the time and thought he has given to this business, for I know that from the start it was his ambition and determination to re-establish the glass industry in Great Britain, and to build it up into a position strong enough not only to resist the competition which in course of time is bound to come again from Continental countries, but also to enable it to compete in the markets of the world with all possible rivals. You will have noticed that our Board has been strengthened by the addition of Baron Henri de Rothschild, Sir Francis Towle, and Mr. George Alexander. Mr. Alexander is one of the Directors of United Glass Bottle Manufacturers, Limited. I would take this opportunity of saying in public that we welcome Mr. Alexander's accession to our board, and we feel sure his able advice and assistance will be invaluable not only to us but also to the greater interests which we now control. The two primary reasons which have influenced us in deciding to increase our capital to £2,000,000 are: Firstly, by the acquisition of the businesses referred to in our circular, the details of which I will give you directly, we shall secure for our Company a very large immediate increase of production, and thereby—a consideration which will appeal to shareholders—a large immediate increase of revenue. Secondly, we shall still further widen the basis of our undertaking and by thus enlarging the scope of our operations in the various branches of glass production, will go far towards carrying out our programme of establishing this Company, British Glass Industries, Limited, in the predominant position, not only in the British Empire but in the world, for the manufacture of nearly all and every kind of glass. As I told you when I last addressed you, our business was then largely devoted to the establishment in this country of the industry of making glass jars and bottles, an industry which hitherto had been almost entirely in the hands of Continental countries, and to that, as you know, out of our last increase of capital we added a very large interest in the manufacture of sheet or window glass through our holding in the British Window Glass Company, Ltd., the shares of which we could readily sell at a substantial premium. As you will have seen from the circular which is in your hands, the new interests which we have acquired are so many and so various that I find it difficult to say which, if any, individual item will be of the greatest value to our undertaking, but perhaps the agreement marked "A" on the circular, covering the purchase of the controlling interest in the ordinary shares in United Glass Bottle Manufacturers, Limited, is the most important and far-reaching of all. This concern, which owns the entire share capital of the following Companies, viz.: Cannington, Shaw & Company, Limited, St. Helens; Nuttall & Company, Limited, St. Helens; Robert Candlish & Son, Limited, Seaham; Alfred Alexander & Company, Limited, Hunslet, Leeds; Aire and Caulder, Glass Bottle Works (E. Breffit & Company, Limited), Castleford; Moore, Nettlefold Company, Limited, Woolwich—was, apart from our own undertaking, the largest combination of jar and bottle manufacturers in the United Kingdom, and the

fusion of the two conflicting interests into one strengthens our position in a way which will be so obvious to all of you that it is unnecessary for me to enlarge upon it. In addition to the ownership of the six old-established businesses which I have just enumerated, this Company has purchased thirty acres of ground at Charlton, near Woolwich, and is now erecting thereon gigantic new works second only in size to our own works at Canning Town. Every kind of the latest useful automatic machinery is being installed, and the efficiency of the factory will equal that of any bottle making works in the United States. Through the agreement marked "B" in the circular we have agreed to purchase the major portion of the share capital of Webb's Crystal Glass Company, Limited, which gives us a controlling interest in the following businesses, viz.:—

Thomas Webb & Son, Limited (Established 1837), Dennis Glass Works, Stourbridge.

Edinburgh & Leith Flint Glass Company (Established 1863), Edinburgh.

Corbett & Company, Limited (Established 1911), Tutbury, Staffordshire.

Medway Glass Works, Limited, Queenborough, Kent. A large modern factory now being erected.

Robert Johnston Lamp-Blown Glassware & Accessories Company, Limited, London.

R. Johnston & Company, Limited (Established 1860), London, and a substantial or a controlling share interest in the following:—
Samuel Pearson (West Bromwich), Limited;
E. M. Patents, Limited, London; and
Phillips, Limited, London.

This latter acquisition enables us to instal and use on favourable terms the semi-automatic machine known as The Empire Machine. This may not convey very much to my hearers, but those in the trade will realize the inestimable value which this purchase will be to our other works. These machines have been working very successfully at the Tutbury Works for over a year, and produce a better class of blown tumbler than has ever been made on the continent. With these machines and the modern type of American Tank Furnace now being installed at the Medway Works we shall be in a unique position for turning out enormous quantities of these goods, in addition to electric lamp bulbs and other articles which hitherto have been outside the scope of our operations. Thomas Webb & Sons were established as makers of Crystal Table Glass as far back as 1837, and have always held a leading position in that trade. In 1917 they commenced the manufacture of electric lamp bulbs and tubing, and so rapid has been the growth of this new branch that last year upwards of 5,500,000 bulbs and 80 tons of tubing were manufactured and sold. We look to increase this considerably by the installation of automatic machines and additional furnaces. I now come to the important question of profits both present and prospective. As regards the latter I prefer to name no figures. I have endeavoured to give you an accurate picture of our properties and of our programme, and you can each and all of you form your own ideas as to the probable results. I am content speaking not only for myself but for my colleagues, to paraphrase Dr. Samuel Johnson's statement, and to say:

"We have here no mere collection of factories and furnaces but the potentialities of wealth beyond the dream of avarice."

In dealing with profits I shall confine myself to present conditions and to our present comparatively restricted output, and on this basis our earnings should suffice to pay and maintain substantial dividends not only on our present capital but on the market capitalisation, including the new issue. In estimating our future additional profits you must bear in mind, firstly, the results of our expenditure on our works at Canning Town, the largest glass works ever contemplated. These works are now approaching completion, and but for the moulders' strike a considerably larger portion would have already been in operation than is at present the case. Secondly, the factory now being erected at Charlton by the United Glass Bottle Manufacturers, Limited, which is second in size to our own works only. Thirdly, the doubling of our works at Queenborough and the commencement of operations by British Window Glass, Limited. Fourthly, the additional profits to be derived from the installation of improved automatic machinery in the majority of the old-established businesses referred to under the heading of B in our circular. There are other minor sources of additional profit which are already in sight, and which I need

not particularise, but I may perhaps mention that negotiations have been concluded for the sale of our foreign patents, and this source alone should bring us in a very large sum in capital, royalties or dividends. As regards the payment of a dividend, at the present time the accounts of all these different companies which form our combination are made up at so many different dates, that it will take us some little time to regularise them and bring them all into line, so I will merely content myself with saying that we shall certainly be able to pay a dividend which will be satisfactory to every shareholder within the present calendar year. Further, I should like to point out to you that apart from the direct additional profit obtainable from each branch of manufacture added to British Glass Industries, Ltd., that Company will gain largely by the co-ordination and co-operation under one direction of so many highly skilled experts in the different branches of the glass trade. The whole tendency of modern industry—at any rate in the manufacture of articles, such as our products, for which there is a universal demand—is towards mass production in gigantic quantities. We have now in our service the very highest technical knowledge that it is possible to obtain, and in order that no possible improvement may be omitted we have drawn upon American experience, and in our new works chemists and engineers who have filled important positions in American glass factories are assisting in the arrangement of the plant. And now I wish to say a few words which really are not addressed so much to you shareholders as to the Press and through them to the general public. It is no hyperbole to say that this great combination which we have built up is a national undertaking. And as such, while the interests of our customers and shareholders must always be our first consideration, we have also to bear in mind the interests of the nation. We claim to have deserved well of the British public in having re-established the business of glass making in this country, in so impregnable a position, and it is necessary that we should always carry their good opinion with us. I therefore wish to point out most emphatically that this combination which we have built up is not a Trust in the ordinary sense of the word, i.e., a Trust established to eliminate competition, with a view to raising prices. The assured profits of this great combination are already sufficiently large to satisfy the most exacting, and so far from wishing to raise prices we are convinced that the more we are able to lower them the greater the advantages to the customers and the Shareholders will be. Glass ware is used in nearly every trade, and there is hardly an industry in this country which is not being hampered for the want of it. There can be no question that it is of great benefit to the country that the enormous supplies of glassware which are wanted in every factory, in every shop and every home should now, for the first time, be produced by British labour and British capital. Therefore, at the risk of repetition, I tell you that we are not seeking to increase prices, but rather by mass production and economic administration to increase supplies. The only competition which we are contending against is that of the foreigner. There are many other small independent glass factories in various parts of the country, and there is plenty of room for all of those, which are able to work on sound modern and economic lines.

I now come to the question of labour. Just as we think that that the capital employed in the production of glass-ware for British consumption should be British, so also do we think with equal conviction should the labour employed be British.

The glass which in pre-war days came here in such enormous quantities was not only the product of foreign labour—but of cheap and sweated foreign labour. By re-establishing this industry on a large scale in this country, henceforth, it will I trust be the product of well-paid British labour. Despite our modern automatic machinery in our new factories we can find work, and well-paid work, for thousands of men. And I want you to bear in mind that the introduction of machinery means eventually the employment not of fewer but of more men. It means the substitution of reasonable work under healthy conditions at well-paid rates, for arduous and exhausting work, under bad conditions. I have already stated that the two main objectives of our combination are increased production and lower prices, and to these I add a third—higher wages and better conditions for labour. The total capital required to cover the acquisitions to which I have just referred and to complete the projected exten-

sions of our works at Canning Town, Queenborough, and elsewhere, together with the installation of the improved automatic machinery is £2,800,000. £2,100,000 of this will be provided by the issue of 600,000 new shares, which will be offered share for share at £3 10s. to shareholders, and having regard to the price of our shares this issue should in itself constitute a handsome bonus to shareholders. It is of course possible, and indeed probable, that in some cases shareholders will be unable to take up the shares to which they are entitled. But even in this case they should gain a handsome benefit, as the rights are transferable, and these should be saleable at a substantial price, as they were on a previous occasion. The remaining 200,000 shares now to be issued have been taken firm by Commercial Bank of London at the same price, thereby providing the balance of £700,000. The Bank also have been given an option to subscribe for a further 50,000 shares on or before December 31st next at £5 per share.

And I would like to take this opportunity of expressing our thanks to the Commercial Bank of London for the help they have rendered this Company from its inception. The Bank has not only been of invaluable service in introducing and helping with the negotiations for our new acquisitions, but it has always been ready with financial assistance when needed in the early stages of our Company, when there was considerable prejudice existing against a new construction proposition, involving such an immense outlay. I think I have now said sufficient to satisfy you that the proposals which we are putting before you are in the best interests of the Company and the shareholders, and I will therefore now move the formal resolution, and I will ask Sir Francis Towle to second it. Before putting it to the meeting, should any shareholder wish to make any remarks, or to ask any questions, I shall be pleased to answer them to the best of my ability.

The resolution increasing the capital of the Company was unanimously passed and a hearty vote of thanks to the Chairman and directors terminated the proceedings.

THE SATURDAY REVIEW

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BRITISH AMERICAN TOBACCO

PROGRESS OF THE BUSINESS.

FURTHER ISSUE OF ORDINARY SHARES.

THE SEVENTEENTH ANNUAL MEETING of the British-American Tobacco Company, Ltd., was held on the 27th inst. at the Central Hall, Westminster, under the presidency of Mr. Joseph Hood, M.P., one of the deputy chairmen.

The Chairman said: Ladies and Gentlemen,—With your approval we will take the notice convening the meeting and the report of the directors and accounts, which have been circulated, as read, and the Secretary will now read the auditor's certificate.

The Secretary (Mr. A. M. Rickards) accordingly read the certificate of Sir William Plender, G.B.E. (Messrs. Deloitte Plender Griffiths and Co., chartered accountants), appended to the accounts.

The Chairman: Ladies and Gentlemen, before discussing the balance sheet I would like to mention that one of our deputy chairmen, Mr. Hugo Cunliffe-Owen, has had the dignity of a Baronetcy recently conferred upon him. He rendered a good deal of service to the country during the war, and I am sure you will join with us in congratulating him on the recognition of these services. (Applause). When we had the pleasure of meeting the shareholders a year ago, shortly after the conclusion of the Armistice, I said that the demobilisation of the troops was being actively carried out, which meant that our supplies to them would materially diminish and we should have to endeavour to resume, to the best of our ability, the normal relations of export trade and extend our sales to make up the loss of supplies to the troops abroad, in which our English factories had been largely engaged. That has been done, and while the volume of our output from England is less, yet for the whole of our factories and those of our associated companies, the output for the first two months of our new financial year (October and November) exceeds that for the corresponding two months, namely, October and November, 1918. Business during the year under review has been more normal, as restrictions have been removed.

BALANCE SHEET ITEMS EXPLAINED.

It is usual at our annual meeting to go through the various items in the balance sheet, and make such comments as appear necessary. Taking the assets side of the balance sheet first, you will observe that the item real estate and buildings at cost, less provision for amortisation of leaseholds, £475,447 19s. 6d., shows a decrease of £199,366 5s. 6d. The explanation of the substantial reduction is that during the year we sold our Bristol factories to the Imperial Tobacco Company, and, in addition, sold certain property we had in China to a subsidiary company which we have registered in China under the Hong Kong Ordinances called British-American Tobacco Company (China), Ltd. We came to the decision to concentrate our English factories at Liverpool and Southampton. You will recollect that at Liverpool we have probably the most modern bonded tobacco factory in existence. I may also say in that connection that we are considering sites for the erection of an additional factory in this country at a convenient centre.

SUBSTANTIAL INCREASE IN PROFITS.

There remains the item of profit and loss account balance of £4,912,733, which shows an increase of £1,531,896. The net profits for the year amount to £3,776,507, after making provision for excess profits duty for the year, as compared with £3,140,174 for the year ended 30th September, 1918. The increase shows the substantial progress which has been made by the company during the past year. Of course, it is only fair to point out that the rate of excess profits duty for the period under review was considerably less than in the previous year, and therefore to that extent we benefited. The available balance standing to the credit is now £4,912,733, out of which the directors recommend a distribution to-day of a final dividend (free of British income tax) upon the Ordinary shares of 6 per cent., amounting to £512,421 19s. 2d. This payment will make 30 per cent. for the year upon the Ordinary shares which were in existence a year ago, and upon the balance it will make 12 per cent., so far as the greater part is concerned; but upon some small number of shares which have been issued since the end of September, due to belated acceptances, will, of course, only mean that the present final dividend is paid. The amount to be carried forward will be the substantial sum of £4,400,311 12s. 11d.

The directors think it would be unwise until the question of the settlement of the claims in respect of German assets is disposed of to make any recommendations as to the disposition of any part of this surplus, even if that course is considered desirable; but I may say that it is one which has received the consideration of the Board, and, of course, there is the further point that it is quite clear that with the increased cost of leaf and all other materials the employment of substantial further sums in the business of the company is absolutely necessary. I now formally beg to move the adoption of the report and balance sheet for the year

ended 30th September 1919, including the payment to-day of a final dividend of 6 per cent. upon the issued Ordinary shares, free of British income tax. I may mention that the directors have declared for the year 1919-1920 an interim dividend of 6 per cent., free of British income tax, also payable to-day, so that you will receive 12 per cent. (Hear, hear.)

Mr. Hawrence Hignett seconded the resolution, which, in the absence of questions, was at once put to the meeting and carried unanimously.

Mr. W. R. Simpson proposed the re-election of the retiring directors, Mr. G. G. Allen, Mr. L. Hignett, Mr. A. G. Jeffress, the Hon. F. F. Macnaghten, Mr. W. P. Stericker and Mr. M. M. Whedbee.

Mr. John Gracey seconded the motion, which was unanimously agreed to.

Sir William Plender was re-appointed auditor, on the motion of Mr. H. Pimbury, seconded by Mr. H. E. Gosling.

EXTRA-ORDINARY GENERAL MEETING.

An extra-ordinary general meeting was then held for the purpose of submitting resolutions increasing the Ordinary share capital and authorising the issue of further Ordinary shares to the Ordinary Shareholders.

The Chairman said: Ladies and Gentlemen,—You will remember that at a meeting held in May last the issue of certain shares to some of the directors and also one share in three to the Ordinary shareholders was authorised. Those issues were made in due course, and the company received up to the 30th September last an additional sum in respect thereof of £2,388,591. Practically the whole of that money was used in payment of the indebtedness to our bankers, and it became apparent, owing to the continued increasing cost of leaf and all other materials and labour and production generally, that the capital was not sufficient for the purposes of the business of the company. After full consideration, we therefore came to the conclusion to recommend the shareholders to increase the ordinary capital and to offer to issue at par shares to the existing Ordinary shareholders in the proportion of one share for every two existing Ordinary shares held by such member. The effect of that will be to give us a little over four and a quarter millions further capital. We are satisfied that we shall require the whole of that sum. The first resolution which I submit is as follows: "That the capital of the company be increased from £14,500,000 to £20,000,000 by the creation of 5,500,000 additional Ordinary shares of £1 each ranking for dividend and in all other respects *pari passu* with the existing Ordinary shares of the company." This will mean that there will be an authorised Ordinary share capital of £15,500,000, and will leave us, after the proposed issue, with roughly two and a quarter million of unissued Ordinary shares.

I may say that we have received letters from some of the Preference shareholders asking to be at liberty to subscribe to the proposed issue of Ordinary shares. That, however, is not feasible, as under the articles of association all new Ordinary shares, except any shares allotted to directors and others or in payment for any business or property, must be offered to the members in the proportion to the existing Ordinary shares held by them.

Mr. A. G. Jeffress seconded the resolution, which was carried unanimously.

ISSUE OF NEW CAPITAL TO ORDINARY SHAREHOLDERS.

The Chairman moved a resolution—"That out of the said additional shares and the other unissued Ordinary shares for the time being of the company there shall on or about the tenth day of February, 1920, be offered to the members on the register of Ordinary shareholders on the 28th day of January, 1920, and the holders of share warrants to bearer for Ordinary shares on the same date new shares in the proportion of one share for every two existing Ordinary shares (ignoring shares which are not complete multiples of two and not allowing registered shares and share warrants to bearer to be added together for the purpose of acceptance) held by them at the price of £1 per share payable to one of the bankers of the company in London on the acceptance of the offer—namely, on the 7th April, 1920. The Chairman added that the offers to the Ordinary shareholders would be posted on or about the 10th February, when he hoped permission to deal in the rights would be granted by the Stock Exchange, and he asked that any shareholder who desired his offer to be split should make his request at the earliest convenient opportunity, and not later than the 14th March.

Mr. S. J. Gillchrest seconded the resolution, which was unanimously adopted.

Mr. T. A. Saunders proposed a hearty vote of thanks to the Chairman, directors and staff for their management of the affairs of the company during the past year, and said that on behalf of the shareholders he wished to offer their congratulations to Sir Hugo Cunliffe-Owen on the honour which had been conferred upon him (Hear, hear.)

The vote was seconded by Mr. John Holroyd and unanimously accorded.

The Chairman briefly acknowledged the compliment, and the proceedings terminated.

THE CITY

Several events of financial interest have been recorded this week. On the one hand, chaotic conditions in foreign exchanges, new low records being touched in sterling, francs, lire, and marks, or perhaps it would be more correct to say that there was a further rise in dollars and the currencies of other countries which have made money out of the war. On the other hand, there is great activity and buoyancy in Oil and in many Industrial shares on bonuses and amalgamations which follow one on the heels of the other so rapidly that it is impossible to keep count of them. On the one side confusion and depression; on the other buoyancy and confidence.

We have now entered the period of the bank shareholders' meetings, when the City atmosphere becomes charged with weighty utterances on finance and industry. Keen interest is evinced in Mr. McKenna's address at the London Joint City and Midland Bank. He did not attempt to follow Sir Edward Holden's pre-war policy of dissecting the finances of the universe; he applied his thoughts more particularly to one of the most pressing questions of the day, namely, the high cost of living, its causes and remedy. He is perfectly right in saying that high prices are not merely due to inflation of credit and currency. Increased demand and reduced supply are basic factors; but one influence acts and reacts with others, so that it is difficult to nail the points home and clinch an argument. But the new chairman succeeded in doing that.

Mr. McKenna supplied some telling statistics; the spending power of the public, gauged by currency in circulation and deposits in the banks, has increased £1,495,000,000 or 125 p.c. since 1914, and the cost of living has risen 125 p.c. in the same time. Of the increase in spending power, £1,230 millions are represented by the expansion of bank deposits, which at the end of 1919 he estimated to total £2,300 millions in the United Kingdom. The increase in deposits is made up of £116 millions in currency payments and £1,114 millions by "loans," using the term in its widest sense. Roughly he judges that of these £1,100 millions, £800 millions have been lent to the Government, and £300 millions to trade. So Mr. McKenna proves that loans to the State have been the main cause of the rise in prices, the chief reason being that the loans have remained outstanding long after the commodities they were raised to pay for have been consumed.

The impression prevails in the Stock Exchange that the Treasury has decided to tax bonus share issues. Consequently it is hoped that all companies which have bonus issues in view will float them off before the Budget. This idea confuses two distinct operations, and is wrong in regard to both. First, there is the issue of shares for cash at a price considerably below the current quotation of the existing shares and, secondly, there is the capitalisation of reserves or accumulated profits and their distribution in the form of shares. Both kinds of issues are common and they are frequently misunderstood. In the first instance, to take a concrete example, a company, whose £1 shares stand at £5, issues new shares at £1 each, in the ratio, say, of one for every two shares held.

The Treasury cannot take any reasonable objection to this procedure, for what is its precise effect? A shareholder has, let us say, ten shares worth £50 and under the terms of the issue he buys five more, costing £5, so that in the result he has fifteen shares which cost him, theoretically £55 in place of his holding of ten shares worth £50. That is the whole operation. What is there that can be taxed? It is true that the opportunity to purchase the new shares at £1 is a tangible privilege in certain circumstances, inasmuch as "letters of renunciation" of the offer of new shares can usually be sold; but the privilege does not repre-

sent income except by an extraordinarily devious and debatable argument, and one fails to observe on what ground the Treasury could succeed in extorting any tax on such an issue.

Turning to the second form of bonus, one suspects a possible basis of taxation, but it is illusory. Assume a company which in a given year earned a divisible profit of 20 p.c. The board decide to pay a cash dividend of 10 p.c., subject to income tax, and to put the balance to reserve. A few months later they capitalise this reserve and distribute it in shares, not as a dividend of profits, but as an accretion of capital. Here, superficially, there might appear to be an argument for the taxation of the bonus, because it is merely a postponed and disguised cash dividend; but that superficial argument is wrong. The entire profits of the company are already subject to income tax. The company "deducted" the tax which it had paid on the sum distributed in dividend—that is to say, it handed out the dividend, less the amount which it had paid, or would pay in tax; but it does not deduct the tax which it has paid on the sum carried to reserve and afterwards distributed as shares. Tax has been paid in each case. A company might conceivably deduct from the bonus the tax which it has already paid; but there is no ground for permitting the Treasury to tax the same profits twice.

Scarcely a month passes without Lever Brothers or Lord Leverhulme personally buying something for a million or so. It is a thoroughly consistent operation for the money is always well spent and almost invariably with the purpose of expanding and solidifying the enormous soap and allied businesses which have their headquarters at Port Sunlight. Recently Lord Leverhulme has been buying islands in the north; but Lever Brothers' latest acquisition is roughly 500,000 square miles of territory near the equator. They are not actually buying the land, but they are doing the equivalent by giving £8,125,000 cash for the ordinary capital of the Niger Company. We have frequently recommended purchases of the shares at prices ranging up to 80s., but we frankly acknowledge that we did not expect our readers to have the opportunity of quite such a large profit at this date.

Of course, they will accept the offer; but Lever Brothers are making a very good bargain. In a few years the shares will be worth much more than the £6 10s. each which Levers are paying. We confess surprise at the transaction, because, while we knew that Levers were casting envious eyes at the Niger Company's huge supplies of raw materials for soap, margarine and other domestic and commercial necessities, we had not imagined that they would wish to swallow the tin mining rights and the other valuable assets and prospects of the Niger Company which have no relation to soap or margarine; but naturally Levers were not going to allow the other industries of the Nigerian Protectorate to stand in the way of their acquisition of the cocoanuts and oil seeds; so bang goes eight millions. One wonders what Levers will buy next.

Business on the Stock Exchange is slackening. The steady revival of the general trade of the country is diverting money from speculation into more legitimate employment and the "calls" on recent new capital issues are absorbing large sums week by week. Incidentally the diminution of stock market activity will provide the remedy for the congestion and delays in Stock Exchange transactions which have lately received the serious consideration of the Committee. It has been decided that weekly settlements are impracticable, and that fortnightly settlements are undesirable, as tending to encourage open speculation; so the congestion of Stock Market "traffic" will be left to look after itself. Business activity runs in cycles, and it is assumed that the top of the curve has now been reached.

E. W. TARRY & CO.

The annual general meeting of E. W. Tarry & Co., Ltd., was held on the 27th inst. at the Cannon Street Hotel, E.C., under the presidency of Mr. John Varley, the Chairman and Managing Director.

The Secretary (Mr. W. B. Allison) read the notice convening the meeting and the report of the auditors.

The Chairman: Gentlemen,—I presume you will take the report and accounts as read. I am pleased to meet you once more and, on behalf of my fellow directors, to give you a report of the company's business for the year ended 31st August last. The directors were disappointed that the net profit for the year was so much lower than for the previous year; they were certainly prepared for a smaller profit, but did not anticipate that the difference would be so great. As stated in the report, in the early part of the financial year the business was entirely upset owing to the influenza epidemic, which for some weeks brought trading almost to a standstill. All our branches were affected, very few of the employees escaping, and several of them succumbed to the attacks. Then again the moulders' and building trade strikes caused considerable dislocation and loss of trade, especially in Johannesburg. We have been experiencing the effects of the moulders' strike in this country for the last four months, a large number of our orders being held up in consequence, so we may more readily appreciate the difficulties under which our foundries were working during a similar strike in the Transvaal. The difficulties of obtaining delivery of goods, both in this country and America, and the continuously increasing prices we have had to pay, have also had serious effects on the transaction of business in South Africa. Last year we had considerable stocks of goods that had been bought during the earlier years of the war, which, when sold, showed a good profit, but as these were replaced at higher prices the same rate of profit could not be obtained.

Our gross turnover was less than for the previous year, partly owing to the requirements for our class of goods not being so large, many buyers holding off in the expectation that home costs would be reduced, and partly owing to our inability to readily ship all the goods that were required. As a proof that the causes were general all over the country and not confined to one particular branch, I may state that, with one exception, the turnover was lower, and the percentage of gross profit also showed a decrease at all our branches over the previous year. Although the profit shown on the balance-sheet this year is £22,450, as against £43,691 last year, you must not lose sight of the fact that the latter figures were subject to excess profits duty, of which we have up to the present paid £19,133, as shown in the accounts, and there is a further liability which is still the subject of negotiation with the income-tax authorities, so that by the time that is settled the net result to the shareholders this year will be much the same as last. The dividend which we recommend is the same; the amount placed to reserve is only £1,000 less; and the net carry forward, after paying excess profits duty, is not likely to be less, and probably more than the net amount in last year's accounts.

I think you might like me to compare the figures of the principal items in the accounts with those of last year. Taking the liabilities side of the accounts—capital is the same. The reserve account was increased to £68,000 by resolution at the last annual meeting, and we suggest a further addition of £2,000 this year, bringing it up to £70,000. Reserve against bad debts is the same as last year. Sundry creditors, South Africa, are £9,850, against £18,827; this represents purchases of goods locally during August, which would be paid for in September. Sundry creditors, London, are £16,790 as against £14,847. £10,000 of this is for income-tax, and practically all the balance for goods unshipped at 31st August—or shipped, but payment for which was not due until the following month. Turning to the assets side, freehold and other properties are £3,022 less than last year. During the year we have bought a small property at Salisbury to increase our space required particularly for our agricultural business, and have written off £3,694 from various buildings. Machinery, plant and tools show an increase of £970 for new plant, after writing off £806 for depreciation. Rolling stock, showing a decrease of £225, is arrived at in a similar way. The same remarks apply to furniture, which shows a decrease of £79. Goods account is increased by £56,676, caused mainly by goods received during the closing months of the year and the higher prices that have been ruling during the whole year. Sundry debtors, South Africa, are £1,312 less than last year for goods supplied, the greater portion of which have since been paid. Sundry debtors, London, £2,463, show an increase of £1,296, principally accrued interest and unshipped goods already paid for. Goods in course of shipment are £1,594 less than last year.

As mentioned last year, these investments were only of a temporary nature on account of our inability to purchase goods for shipment to South Africa, and more of these will be sold from time to time as we require the money for the ordinary purposes of our business. You will see from the profit and loss account that a good profit has been made on these sales. Cash at bankers is about £20,000 less than last year, but ample for what was required to pay accounts as they fell due.

Turning to the profit and loss account, gross profit is £34,430 less than last year. I have already referred to this subject. Sundry receipts are £561 more, and there is a new item of profit on sale of investments, £610 8s. 7d. I think I have dealt pretty fully with all the figures, but shall be glad to answer any questions at the close of my speech if I have not made myself clear to any of those present. You will see from the report that the net profit for the year is £22,449 0s. 7d., which, with the balance brought forward from last year, less part payment of excess profits duty, amounts to £27,421 8s. 1d. From this dividends of £12,750 have been paid, leaving a balance for disposal of £14,671 8s. 1d. The directors recommend that from this sum a final dividend of 5 per cent. on the Ordinary shares be paid, making 7½ per cent. for the year, which will take £7,500, that you place to reserve £2,000 and carry forward to the current year (subject to excess profits duty not yet ascertained) £5,171 8s. 1d. It may interest you to know that, although during the past year the conditions under which your business has been carried on were far from normal in almost every respect, in the ten years prior to the war the annual profit has only exceeded that of the present year on four occasions. You will notice that the excess profits duty, as shown in the accounts, would have provided the Ordinary shareholders with an additional dividend of 12½ per cent. For the current year the rate is reduced, and it is hoped that this duty, which was essentially for war purposes, will soon be taken off altogether.

It is always dangerous to prophesy as to the future, especially in such troublous times as we are now passing through, but I can safely say that the indications regarding the prospects for the current year are encouraging. I now beg to move:—"That the report of the directors, together with the balance-sheet and profit and loss account to 31st August, 1919, be received and adopted, and that a final dividend of 5 per cent. on the Ordinary shares, making 7½ per cent. for the year, be declared for the year ended 31st August, 1919." Perhaps Lord Knollys will be kind enough to second the resolution.

The Right Hon. Viscount Knollys, P.C., G.C.B., G.C.V.O., seconded the motion.

Bank of Liverpool & Martins Ltd,

HEAD OFFICE:

7 WATER STREET, LIVERPOOL.

LONDON OFFICE:

68 LOMBARD STREET, LONDON, E.C.

Capital Subscribed	-	-	-	£17,191,120
Capital Paid Up	-	-	-	2,148,890
Reserve Fund and Surplus Profits	-	-	-	1,514,288
Deposits, etc., at 31st December, 1919	-	-	-	67,530,621

302 BRANCHES AND SUB-BRANCHES.

All descriptions of Banking,
Trustee and Foreign Exchange
Business Transacted.

THE BANK IS PREPARED TO ACT AS AGENTS
FOR FOREIGN BANKS ON USUAL TERMS.